

**STRATEGY  
OF PUBLIC ADMINISTRATION REFORM  
IN THE SLOVAK REPUBLIC**

**July 1999**

# CONTENTS

<b>Introduction</b>	<b>3</b>
<b>1. Starting points</b>	<b>4</b>
1.1 Modern state and civic society	4
1.2 World-wide trends of reform processes	6
1.3 Public and private sector	10
1.4 Current state	13
1.5 Conditions of successful realisation of the strategy	23
<b>2. Principles</b>	<b>25</b>
2.1 Programme declarations of the Government	25
2.2 Principles of the reform in the Slovak Republic	26
2.3 General principles	29
2.4 De-etatisation	30
2.5 Selection of a model of public administration	31
2.6 Principles of target state	35
<b>3. Related reforms</b>	<b>48</b>
3.1 Reform of public finance	48
3.2 Regulatory reform	52
3.3 Reform of management and education in public administration	54
3.4 Control in public administration	60
3.5 Introduction of information technology in public administration	61
<b>4. Proposal of organisation and management of the public administration reform</b>	<b>64</b>
<b>5. Proposal of work schedule of the project of public administration reform</b>	<b>66</b>

## 1. Introduction

The strategy of public administration reform is not only a problem of the territorial and administrative division of the state nor a problem of the number of employees. The priority is to provide high quality services for the citizen - taxpayer and for the citizen - entrepreneur. The priority is to have such a public administration that could mobilise human resources and the natural and production potential of Slovakia in order to increase the living standard of the average citizen.

Public administration reform can not be a summary of incompatible decisions motivated by powerful intentions of ruling political parties or formations for a particular election term.

The transformation of society in post-communist countries requires a complex approach. The basis is a long-term strategy comprising not only a process of decentralisation, but also of increasing professionalism and ethics in public administration, increasing of the quality of public administration towards the society and the development of human resources (i.e. education and training of employees in the public sector).

The result of the analysis of recent progress of reform in Slovakia is the reason why a broad approach to the proposal of a strategy was chosen. A limitation of this process only to the change of territorial administrative units or to a new structure of local state administration offices without answering the question "what kind of a state should the Slovak Republic be?", without stating a clear vision of organising relations between the public, private and non-profit sector, without respect to world-wide trends of the transformation of society, would lead to ineffective management of public finance and constant political and social destabilisation of the state having an impact on the deterioration of the position of Slovakia in the process of integration to euro-atlantic (*the EU and NATO*) structures.

The focal point of the submitted strategy is the linkage of particular processes related to reform and decentralisation that will lead to a proposal of principles for a new territorial and administrative organisation for safeguarding public tasks.

The starting point of this process is the proposal of the strategy that includes principles of related and necessary reforms:

- reform of the financing of decentralised public administration
- principles of control mechanisms
- recommendations for the introduction of IT systems in public administration
- ideas for further progress in increasing the quality of management and education in public administration.

All of these processes will be elaborated into details in the next phases in a new concept of public administration and defining necessary steps for its realisation.

The timetable for the realisation of the strategy of decentralisation and public administration reform is divided into a preparatory phase (comprises a phase of elaboration of the strategy 02/99 - 05/1999 and of the concept 05/99 - 04/2000) and a realisation phase, which will exceed the election term.

# 1. Starting points

## 1.1 Modern state and civil society

A model of public administration reform can not be defined only on the basis of formal-legal institutional understanding of the reality, but also on the basis of interpretation of concepts of the state. The member states of the European Union and their "idea" should serve as natural models. Transformation processes of the post-totalitarian states in the Central Europe, experiences of the USA, Canada and New Zealand should be also taken into account. It is necessary to find inspirations compatible with the given reality of the Slovak Republic. However, it can not be an attempt to form the state according to foreign models forcibly and artificially.

It is inevitable to respect the rational and integrative use of knowledge of social sciences and projecting of the processes with sufficient economic, legal, and steering competencies, transparent co-ordination function and sufficient material support. A typical feature of such an approach is overlapping of law with the sphere of politics and political system, evaluation of the existing state of constitutionalism and its comparison with the constitutional systems of compared countries.

The establishment of a modern legal and constitutional state is linked with constitutionalism. It is a system based on such a regulation of basic political processes and institutions in the state, which is based on sovereignty of the people and which the holder of the power in the state commits itself to execute only by constitutional means and rules of representative democracy. The basic means of constitutional understanding of the state are as follows: sovereignty of the people, representative democracy, principle of majority, principles of power restriction (*checks and balances*) and protection of minorities, time-restriction of power functions, principle of separation of power, principle of inviolability of basic rights and freedoms, material state (*governed by rule of law*) and principle of supra-positive law.

One of the typical features of a modern democratic European state is a pluralistic democratic system, which allows forming and formulating various political interests. It is based on a direct confrontation and balancing of interests. If the society is pluralistic, open, in the process of creation of a political will as well as in the process of realisation and application of political decisions, it allows smooth and political development on the basis of socially acceptable environment.

The creation of a modern structure of public administration, as a tool of the state and civic society, requires building at least a basic structure of values of the pluralistic democracy, which follows the recognition of a heterogeneous structure of society and the number of competing interests. Structure of interest results from the system recognised usually by the majority of the society, however the basis of the state unity is the compromise of heterogeneous forces.

Another characteristic feature of the pluralistic state is the horizontal and vertical separation of power and autonomy of the legal system towards the political power. Society does not subordinate the individual in the name of a whole (the state, ideology), but stems from the relation of the citizen and the state on participative basis and broad basis of civil and human rights.

A typical pluralistic democracy does not assume a permanent and "total" participation of citizens in public life. Immediate participation of citizens is often influenced by the character of political culture, concrete political situation, or by character of social conflicts. The last 20 years are marked by innovations aimed at the sphere of competing interest fight, protection against failures, for instance by big differences in the ability to fulfil themselves within the society. The majority principle, which very often does not allow integration of social interests, but allows the strongest organised groups to govern, is being modified. The ideas of consensual participative democracy are becoming more important. The necessity of an agreement on the basis of compromise in the presence of everybody (including minority parties) is preferred.

Especially decentralisation endeavour and establishment of relatively independent parts of the state and the extent of their autonomy unequivocally requires a broad consensus. The regional level can create conditions for the establishment of such a structure of executive bodies, which need not to be based on the principle of majority, but on the proportional picture of the political composition of the regional parliament. The executive power thus can become a manifestation of the co-operation of political parties, or it can strengthen tendencies of non-partisanship of public administration.

Requirements for the limitation or regulation of political competition in the spheres that demand professionally and economically justifiable and not only politically motivated decisions are emerging. The executive power and public administration are significantly participating in guarantees of economical stability and of the quality of living standard. That is why independent and rationally well-founded decisions can be more useful for the society than simple majority decisions. After the de-concentration of state tasks and the transfer of responsibility to the territorial self-government or the self-government of interest groups (*e.g. the Slovak Television or Radio*) the state becomes less contestable and potential dramatic social problems can disappear as a result of possible agreement of "elites".

When defining modern public administration it is necessary to respect characteristics of the government system. When passing the Constitution, the Slovak Republic accepted a parliamentary form of government, in which the determining factor is the definition of relations between the parliament and the government. Its typical feature is the existence of a means of mutual influence and control. This organisation does not directly influence starting points of the organisation of public administration because it is defining relations among the supreme state authorities. However, it will be necessary to consider recent attempts to formalise self-government as the fourth power in the state and the character of its position in the state in the context of concrete relations and to make final starting points more precise. The horizontal division of power (separation of power) at the central level can influence the character of vertical structure of the state (power) exactly the vertical division of power, which plays a dominant role in the reorganisation of public administration.

If we are looking for strategic starting points for the concept of public administration in relation to the theory and practice in West-European countries it is necessary, concerning the vertical division of power, to mention two important factors:

- 1) The process of gradual limitation of sovereignty of the national state, that is currently under way, on the basis of the treaty in the framework of the EU and also with certain authority to intervene into internal legal orders. That is why it is necessary in

the framework of (EU/NATO) integration ambitions of the SR to prepare a structure of bodies of public administration to realise international commitments. It is also necessary to define short-term, middle-term and long-term tasks.

- 2) The process of regionalisation, that is currently under way, which is a precondition for the continuation of the integration process, a reaction to growing nationalism, but also as a search for an answer to the crisis of modern state and for new development sources

The above mentioned trends are considerably strengthening the necessity to establish higher territorial self-government units, because the self-governing aspect in building of the state and the civil society is significantly weakened without them.

Regional policy is one of the basic conditions of modern state, which allows balancing the differences among individual parts of the state and consequentially supports cohesion of the state and its stability. It is not possible to fulfil this task without self-governing regions with own identity thus on the basis of units, which were not created only by an administrative division of the state without the awareness of regional identity.

It is necessary to understand the region as an internally coherent territory, economically and culturally self-sufficient and thus able to handle adequate autonomy. That is why the equal size of the territory is not a condition of application of regional policy. The main task of regions is to contribute to the highest possible efficiency of the state in the mobilisation of resources with the aim to finalise the consolidation of its territory and to create an adequate extent of homogenisation of society.

The application of integration interests of Slovak Republic into vertical structure of the state power will therefore limit the understanding of European Integration as functionally and from the viewpoint of institutions best elaborated attempt to create a new quality of international relations. It is in the stage of integrated grouping of national states with supranational rights and competencies in specific areas.

*Thus, the vertical division of power is expressed in the Slovak Republic as a unitary decentralised state with a concretely defined structure stemming from the principle of subsidiarity, from the heterogeneity of interests in society and free mutual polarisation with creation of independent bodies. These bodies can fulfil entrusted tasks independently, while being subject to the administrative supervision only. At the same time they will dispose with adequate tools for creation of norms and adequate tools of fiscal decentralisation.*

## **1.2 World-wide trends of reform processes in public administration**

Public administration reform has to respect not only the historical development of a country and its character, but also to adjust to current and anticipated European and world trends of the development of society. These trends comprise elements of globalisation and regionalisation and are the part of almost all international conventions. Ignorance of these trends, of course when respecting own identity, could cause faster deepening of differences in the quality of living standard, a loss of independence of the country with a serious impact on preserving national identity.

Ongoing world-wide trends influence many existing habits and have an impact on the structure of public administration and on the position of the public sector within the state. The most important trends of world-wide changes are the following:

The transition from:

- a) industrial society to IT society
- b) national economy to world economy
- c) short-term planning to long-term planning
- d) centralism to decentralisation
- e) institutional support to self-help
- f) representative democracy to participative democracy
- g) hierarchy to networks
- h) quantitative products to quality
- i) mono-structure of production to diversion of products

Public administration reform is a phenomenon of the current development in the majority of European states, not only in the transition countries. Its intensity in last decades could be explained as follows:

- a) requirement for increased efficiency in public administration and for the creation of an institutional system that will be able to safeguard the administration of public affairs as rationally as possible (low expenses, operative and high efficiency).

*Paradoxically, a concrete form of institutions of public administration, relations between state administration and self-government, the scope of competencies are very various in relation to specific circumstances and needs of the country. The effort to find a unified model is not rational.*

- b) need for increasing the economical efficiency of the country and its lower territorial units - regions and municipalities.

*Sectional management of the economy, which had relatively successfully supported the industrialisation process in European countries, lost the ability to respond to the acceleration of the process of economical restructuring. The solution for many countries is to start up the regional and local development policy, which will be able to activate an endogenous development potential. The advantage of such a policy is that it is realised on the basis of local and regional self-help of the bodies of self-government in co-operation with public-law corporations, interest organisations and citizens. All of these subjects have a common interest - development of the territory. That is why they are interested in finding resources and their effective utilisation. The application of such a policy brings about the introduction of systemic changes in public administration related to territorial division, re-building of institutions of communal and regional policy, increasing of scope of competencies, changes in financing etc.*

- c) inevitability of a reform of functioning of administrative state.

*The reform should contribute to overcoming and mitigating the crisis between the state as a unique resource of legal and political power and citizens, whose interests are represented directly or indirectly through local and regional elected self-government or*

*territorial interest organisations. Modern state is a common property of its citizens and should serve them. It should know the interests of its citizens and should create conditions for their reflecting. The right of citizens to participate in the administration of public affairs could be realised efficiently and naturally on the local and regional level by self-government institutions. The requirement for the development of the civic society is urgent in those countries, in which democratic elements in the society management were suppressed for decades.*

d) tendencies of entering the integrated economic and security system of Europe.

*An effective public administration is one of the conditions for membership in the EU. The reform in the candidate states for membership in the EU should respect general principles of building and functioning of public administration in Europe: democracy, subsidiarity, transparency, flexibility and effectiveness. The reform process is a long-term process in light of experiences of countries with modern public administration. This process runs according to internal political and economical conditions, the level of integration of the country into international communities and another factors. Some of the systemic changes require a "mature" environment for their acceptance. It is not possible to realise e.g. - "municipalisation" of villages only by force of a decision of state without persuasion of citizens and their representatives that this step could increase the efficiency of self-government system. When forming the second level of self-government (regional), it is not possible to respect fully the principle of subsidiarity in a country as Slovak Republic, in which fewer than 1000 inhabitants are living in 70% of municipalities. The system of public administration is developing in accordance with changing circumstances of its functioning and that is why it should enable the necessary flexibility. In the context of integration processes, changes of the territorial division of the countries are realised in order to create a standard territorial-geographic framework for the EU regional policy (so that the territorial units meet the criteria of statistical territorial units NUTS).*

In the framework of ongoing public administration reforms there are apparent trends that will not avoid Slovakia. It concerns the following processes:

- a) change of understanding the position of the public sector in society and seeking an optimal level of regulation from the viewpoint of public interest. The public sector becomes a more important factor of the economical development in spite of the existing opinion that public service is a condition of social peace. That is why its institutional organisation, methods of work, optimal organisation have substantial significance for the quality of living standard of inhabitants.
- b) understanding of public administration as a service to the citizen i.e. public administration is not understood as a powerful tool, especially in the areas regulated with legal norms.
- c) de-concentration of the state administration
- d) decentralisation of public administration supported by self-government
- e) fiscal decentralisation when guaranteeing a minimal or standard level of those public services, which are funded from public finance. At the same time the principle of public budgets balancing is applied in order to prevent an unbearable and excessive indebtedness and the level of re-allocation of public finance from the centre is



decreasing. The public budgets are not being composed for one year any more. There is a tendency of financial plans for several years. It requires a stabilisation of the rules of public budget revenues. The composition of public budgets on the basis of priorities and evaluation of the effectiveness of use of public finance is applied more frequently. The public budgets are becoming more available for the public.

- f) increasing support of public administration to the private sector i.e. faster service delivery and a correct approach to administrative matters, increase of legal security, restriction of information leaks and also new more efficient ways of law enforcement, sanctions for not acting of public administration institutions
- g) application of new methods in public administration management, especially application of methods and knowledge from public sector management, while the importance of the legal regulation of processes is not underestimated. It concerns first of all changes of approach to decision making process, management methods and ways of motivation. Methods, which are applied in marketing are used more often also in the public sector i.e. research of needs when safeguarding of public services or research of interest when developing intentions. The knowledge from the private sector is gradually overtaken e.g. in the area of organisation of public sector institutions, organisation of work, organisational norms,...
- h) creation of new control mechanisms, while besides the control of other subjects of public administration in the areas defined by legal norms, the precise definition of control activities of state administration towards self-government and control of public administration by the citizens are still important. A problem is the existing effort from the state to encroach on decision making process of self-government and also the unwillingness of public administration to provide the citizens with information in order to assure the public control.
- i) development of information technology in public administration, which is one of the main tools for increasing the effectiveness of safeguarding of public services. It concerns the creation of database of the public administration institutions necessary for decision making process and control, increasing the citizens' informedness about activities of public administration in order to increase a possibility of public control. It also concerns the creation of databases that will provide private and non-profit sector with information to make their decision making process easier. The trend leads up to more complex informedness of particular institutions of public administration and its employees in order to assure better use of new knowledge in order to increase the effectiveness of their activities. A condition for the development of IT systems is not only the way of information protection, but also a technical solution of information availability for the citizens.
- j) to support the increase of qualification of public administration employees by applying strict criteria in the selection and evaluation process, by a permanent evaluation of the motivation of employees in order to assure their stabilisation, but first of all to "depoliticise" state employees and employees of self-government.

Among others, generally applicable criteria of effectiveness of public administration are,

- a) conditions for the fulfilment of needs of the state governed by rule of law
- b) correspondence with democratic principles and their development

- c) keeping the principle of subsidiarity
- d) rationality and effectiveness of processes
- e) professionalism, transparency, ethics
- f) creation of conditions of the accession to the EU
- g) creation of conditions of satisfying social and individual needs of the citizens, support of economic development, keeping social peace, legal security and security of the state and citizens.

### 1.3 Public and private sector

A good definition of the space for interventions of public administration and the suitable form of their realisation will create optimal conditions for entrepreneurial activities. Transfers of resources will follow the increase of efficiency. The economy will use the available potential, which will allow efficient engagement into international trade.

Majority of discussions or controversies related to various areas of economy and economical policy most often "ends" because of the difference of opinions of economists (groups, movements, schools) to the question, which can be considered to be one of the most crucial in the 20th century: should public administration interfere with economy and if yes in which cases, to what extent and in what way?

At present it is possible to consider all economies in the world to be mixed and both practice and theory differentiate only in the extent of emphasis on the role of "invisible hand of market" or "visible hand of official"<sup>1</sup>. It is necessary to emphasise that the closer extent of interference of the public sector in Slovakia to the level usual in standard market economies, the faster transformation of the society progress and the greater chance to minimise resulting cumulative losses. On the other hand it is necessary to take into account increased social impacts resulting especially from relatively slow adaptability of the society to the fast change of conditions. The resulting speed of transformation and thus also of the extent of interventions of the public sector is, besides the economic criteria, given also by social and political situation.

The majority of economists agrees that the public sector should interfere with the areas, where the market fails. The public sector therefore should:

- 1) influence economic efficiency through the creation, support and protection of economic competition, support of positive impacts of externalities and limitation of their negative infliction as well as through motivation of creation of public assets,
- 2) secure stability of economic and legal environment, in which economic subjects are operating.

Regarding the definition, the task of the centre is not to define, who is perspective and who is not, but to guarantee transparent entrepreneurial environment and conditions of the application of principles of economic competition. The fact is that the system must be changed in such a way that will minimise interventions of the public sector into the process of allocation of resources. As soon as the public sector starts excessively to engage itself in market relations, especially on the basis of the influence of interest

---

<sup>1</sup> Because of limited space, this material does not pay more attention to the economies, where significant role is played by the „invisible hand of official“, thus to the systems, which are managed neither by the market nor the government, but where the black/grey economy with decisive influence of illegal structures prevails.

groups, the space of the competition is becoming restricted<sup>2</sup>. However, the economic competition is from the viewpoint of long-term conditions crucial for the economic development<sup>3</sup>. A few examples, where the interference of the centre can inflict against the principle of equality of chances and correct competition, are the following:

***a) Externalities***

Externalities appear when costs or economic gains linked to the production of an output are transferred to a "third party", an entity that is not a participant at the market. Examples of positive externalities are education, dissemination of information, an example of negative externalities is for instance pollution of environment. Mistakes, which appear in relation to interventions of public sector to the economy aimed at solving the problem with externalities, are concentrated (not only in Slovakia) in two groups. At first, an incorrect definition of the problem - an incorrect identification of an effect as externality, secondly, incorrect form of solution. A support of some businesses, whose production do not create any positive effects for the third party and therefore is not efficient can be an example of a wrong definition. As far as the forms of solution are concerned, in the case of positive externalities with regard to the protection of the competitive environment, the state support should be in the chain producer - consumer located as close as possible to the consumer. Such an approach should have priority also over the state ownership of the entities producing more contributions for the society than for which the market mechanism is able to secure sufficient resources. Cases of "negative externalities" should be handled analogically.

***b) Support of education***

is the space for the engagement of the government. Qualified, adaptable labour can constitute a competitive advantage, which is formed with the assistance of the government. From the viewpoint of the form it is possible to consider the combined securing of this task - involvement of private entities, orientation of support not to educational institutions but to the support of demand - students etc.

***c) Support of dissemination of information***

can not be also considered as optimal neither from the viewpoint of emphasis, which the state puts on it, nor from the viewpoint of the form. Especially entrepreneurial entities and media would appreciate a better approach to information. The countries of Central Europe or of former Soviet Union in common also make governmental information available (for instance decisions of state administration bodies, international

---

<sup>2</sup> Part of profits of entrepreneurs changes for an „investigation rent“ which represents unproductive spending of sources in order to increase the income of the entrepreneur, however not through free competition on the market but through „political“ negotiations. Such a system leads to an inefficient allocation of sources and potentially invokes social tension (feeling of injustice against unjustified enrichment).

<sup>3</sup> As an example, we can mention Germany, where the model of socially oriented market economy was theoretically elaborated and applied in the economic policy. Freiburg school and economic policy of Germany built the economic competition on the Constitutional principle, constituting basis of the economic system. The task of the state was to guarantee the existence of the economic competition and to form such conditions, that the market would be under the pressure of rivalry. Infringement of the competition rules, deforming of distributive function or application of regulative measures was considered to be restriction of the economic freedom and the democratic political system.

treaties) for instance through the Internet. Many countries and institutions (including international organisations, for instance WTO, EU, OECD) make available most important norms and their interpretations free of charge. In this trend Slovakia is lagging behind.

#### ***d) Public assets***

Public assets are products, which the market is not able to secure at all. They are indivisible and are not subject to an "exclusion principle" - it is impossible to exclude the customer from using them. Examples of such products are public lightening, to some extent the image of the country, legislation or defence. The state often includes among public assets as well as externalities products, which do not belong to them and on the other hand, the state does not include or does, but insufficiently those, which really belong to the public assets. The production by bodies of public administration or by enterprises prevails among ways of safeguarding the public assets. A growth of competitiveness of the Slovak economy requires changes leading to a greater ratio of securing public assets by private subjects working in competitive environment on the basis of the system of public procurement. The participation of SR in the integration processes is an example of activity, which is possible to consider as a public asset and to which the state bodies do not put sufficient emphasis. It is a task of the government, which is a partner in international negotiations. As far as the Slovak Republic with the relatively small market is concerned, the incorporation into integration units gives a chance to access the advantage of big markets, but also an access to sources and orders.

It is not possible to define exactly a scope of state interventions into economy. It depends on the present state of the economy, its historical development, geopolitical situation etc. It is possible to state that economies, which decided to minimise the interventions of the state, are producing a majority of the GDP in the world, in spite of their low share on world population: The Institute Freedom House ranged in its survey on economic freedom in 1995 countries according to the scope of regulation. The survey shows that the economic freedom leads to the growth of the wealth: while the free countries with the population composing 17% of the sample of 191 countries generate 81% of GDP, in "non-free countries", in which lives 36% of the population, only 5% of GDP is generated. Countries with a lower scope of regulation usually have higher economic competitiveness and efficiency. As all rules, also this one has some exemptions, for instance relatively high evaluation of China or of some Latin American countries. A positive correlation between observed parameter, which in our case is the ability to compete and the low level of the state interventions is, however, obvious.

Thus, a decisive role in managing the Slovak economy should be played by the market mechanism. A very important role is played by the public sector. In the case of interventions of the public sector it is, however, always necessary to justify exactly their needs, purpose and form. It is also necessary to bear on mind experiences of the majority of economically successful countries and present global trends. These trends show that more and more the healthy economies, which are based on an optimal allocation of sources following the respect to the principle of equal opportunities, gain ground.

The Slovak Republic transforms itself into market economy. Interventions of the state to the economy should not be an improvisation, which comes out of operational solution of problems, which arises, but must be economically justified. Starting from the suggested approach, it is possible to state that the Government is often engaging itself in the areas, to which it should not interfere (it can not be justified by increasing of stability, efficiency of economy), or by an improper form (e.g. attempt to deal with the revitalisation of the enterprises selectively). On the other hand, the government does not engaged itself sufficiently in activities, which it should secure (externalities, public assets, economic competition). Thus there are insufficiencies either in the definition of the state interventions or in their form.

#### 1.4 Current state

The current state in public administration in Slovakia is a result of not conceptual approach from governmental formations. It is apparent that the public administration reform, its modernisation and adaptation to the EU standards were not among the priorities of previous governments. The absence or non-acceptance of analytical documents and of criteria for decisions on the progress of the reform and first of all the absence of professional public discussion have caused that the decisions in the reform process were realised on the basis of the criterion to gain political advantages. Analytical studies from the beginning of 1996 can be considered as an example. They indicated a substantial increase of expenses for public administration in the case there would be 8 regional and 79 district offices established and the network of specialised offices of state administration adjusted to the new territorial-administrative division. In spite of this fact a political decision was taken and the citizens can feel its consequences till now.

A fast implementation of the basic norms of decentralisation (Law on municipal establishment, Law on municipal property,...) without the realisation of related steps (transfer of competencies, tax reform, control mechanisms,...) as well as the general situation in the country (low moral level, habits from the previous communist regime, mistaken hierarchy of priorities, non-preparedness, but first of all the insufficient number of citizens willing to realise a substantial change) have caused the **weakening of the whole system of public administration.**

The extensive fragmentation of local (territorial) policy has caused a substantial increase of expenses for public administration i.e. too large public administration in comparison with too small state (this will lead at the same time to quite high expenses for the realisation of decentralisation process). The small number of competencies and quite low authority of the local self-government bodies have caused the increase of efforts to limit the political power of those institutions. This approach of the central power is not only a privilege of the previous governments. The budget for the year 1999 and passing of many laws, which are disadvantageous for the local self-government in this election term, can prove it. The central power can always find a lot of objective reasons for such an approach, while it has caused the situation in which the state is now.

The unstable political situation had a negative consequence for complex, systematic and long-term process of modernisation of public administration and for the decision about the scope and form of its decentralisation. Frequent changes of governments have caused a postponement of a systematic approach to the solutions exceeding one election

term. The changes in the concept of public administration reform served to the political parties as a tool for strengthening their power instead of service to the public.

There was no professional discussion about the vision of the state during last years. Sufficient **political and administrative structures of the state** that would systemically prepare and manage the inevitable process of decentralisation in relation to the general progress in the transformation of society have not been established so far.

The current state (*of the PA reform in Slovakia*) was not very different from other countries in transition till now, but ongoing reforms in the Czech Republic and Poland have changed the situation. It has two main following features:

- 1) **centralism** that enables a limited level of de-concentration of power, prevents the mobilisation and activation of existing human potential. It did not allow a new division of responsibilities to the benefit of elected self-governed bodies at the local and regional level
- 2) **subordination** of many top positions in state administration to the political parties, which impedes independent execution of public service towards citizens and prevents professionalism of public employees.

The elections in 1998 and the commitment of the new government have created conditions for going back to inevitable transformation activities. Negative experiences from previous development indicate a deficit of the democratic structure of the state, in the political system as well as in forming of a civic society, its internal differentiation, scope of its organisation and the real position in relation to the state.

Current reality in politics is still very far from a compact vision of socio-political order. The programme declarations of political parties as well as outputs from social sciences area are insufficient and could not be considered as basic documents for the formation for generally accepted conclusions. The reason is the existence of different opinions on the organisation of the state, on the position of public administration in the state, on relations between the public, private and non-governmental sector and on relations between the state administration and self-government. The split of opinions is still deepening.

The only possibility is a real revival of the nation-wide social potential and in the first place of the professional and academic community and its inclusion in the process of society management with considerable use of foreign professional and material support. Those facts were taken into account when elaborating the further strategy of public administration reform, safeguarding of its effectiveness, its reality and sufficient acceptance. It should become a tool for the real social process, considerable democratisation of the society in order to meet the *EU/NATO* integration ambitions of our state and to create such an environment that will assure an optimal management of public affairs.

Conferences and discussion forums<sup>4</sup> of professionals realised after the elections emphasised a need to create a compact model of public administration reform in the Slovak Republic with a precise time phasing, evaluation of financial impacts, organising of rationalisation measures, especially in the area of sectional processes in public administration and its performance in concrete organisation of central and territorial

---

<sup>4</sup> Phare conference 3rd -5<sup>th</sup> March 1999, Discussion forum M.E.S.A.10 (12 conferences on decentralisation)

administration. The professionals have defined the inevitable parts of the reform as follows:

1. Reconstruction of the central level of public administration, including the contributory and budgetary organisations
2. De-concentration of decision making process and management in state administration
3. Decentralisation of public administration together with fiscal decentralisation
4. Modernisation of public administration

#### **1.4.1 Territorial and administrative division**

Public administration in Slovakia is an unfinished structural model with a dominant hierarchic organisation of state administration (centre - regions - districts). Insufficient solutions of the problematic in public administration have caused an uncontrolled development of the state administration from 1990. During the years 1990 - 1996 various kinds of de-concentrated bodies of state administration with a lot of branches within the territory were created with a remaining centralism in their activities, which did not enable a flexibility and their adjustment to local conditions.

Changes realised in 1996 were not complex and unbalanced. There was a positive element (only partially because it was introduced in the whole country and it did not take into account the specifics of particular areas of state administration), which was the horizontal integration of local state administration. The changes did not touch the problematic of reorganisation of central bodies of state administration and their mutual relations. The changes did not contribute to more effective safeguarding of state administration tasks. Within the territory there are still many contributory and budgetary state organisations in spite of the horizontal integration of general state administration.

On the other hand the limitation of influence of the line ministries when safeguarding of tasks on local state administration level evoked and is still evoking efforts to re-established a specialised network (environment, healthcare, education, offices of land register, veterinary care...).

Local self-government exists on local - municipal level. The absence of self-government of higher territorial units is limiting the further progress of the reform and is weakening the balanced position of self-government within the system of public administration in Slovakia. It also does not enable to take decisions about regional problems by institutions different from bodies of central state administration or their workplaces in local state administration. Decision making mechanisms of self-government could not be applied when solving problems that exceed the municipal level.

It is clear from analytical feasibility studies<sup>5</sup> that financing of basic tasks of the state and constitutionally guaranteed needs in regions through regional offices has been more expensive since 1996 than the previous way through the line ministries.

A quantification of the whole number of employees in public administration (all levels of state administration + local self-government) for the year 1999 shows that 340 000 employees are being considered in the public budgets.

---

<sup>5</sup> The Analysis of Public Administration, Ministry of Interior, 1996, The Basic Macroeconomic Proportions of the Economy in the Slovak Republic, 1997, Karász - Renčko, PÚ SAV

	budgetary organisations	administration within	contributory organisations	together
central bodies	69 214	8 049	16 757	85 971
local state administration	169 090	19 801	32 756	201 846
local self- government	17 600	17 600	34 500	52 100
together	255 904	45 450	84 013	917

### 1.4.2 Central bodies of state administration

Measures for better rationalisation and functioning of activities of central bodies of state administration were not undertaken in the framework of previous course of the public administration reform. The main tasks, which should be fulfilled by the ministries i.e. strategies, legislative activities, methodology and co-ordination are repressed with operational activities. Their organisational structure as well as the personnel structure was adjusted to this. Many submitted documents do not correspond with changed social conditions and even they are not compatible with the programme intentions of the government. The horizontal co-ordination of particular central bodies of state administration can be considered as a fault.

The central institutions were not subject to sufficient and systematic monitoring till now. The analysis and audit of the ministries as well as of their subordinate workplaces were not done. Substantial changes of traditions persisting from the time before the year 1989 in the central bodies of state administration remained "in the shade" of territorial public administration reforms. The standardisation of internal structure of the line ministries was also not dealt with. The principles of establishment of new institutions on the central level or at ministries as well as at their subordinate units are not defined. Co-ordination within local state administration bodies through the Ministry of Interior has caused an insufficient methodological management of relevant units at district or regional offices by competent ministries.

During the years 1995 and 1996 new central bodies of state administration were established: the Ministry of Construction and Public Works (in 1998 - 190 employees) and the Office for Strategy for Development of Society (in 1998 - 181 employees, after implementation of a governmental decree in December 1998 the number of employees decreased to 55). In spite of the realisation of transformation steps of social changes (decentralisation, privatisation) as well as de-concentration of the execution of state administration to local state administration, the rationalisation of central bodies of state administration was not realised. On the contrary, the number of employees is increasing:



	1993	1994	1995	1996	1997	1998	1999
limit of the number of employees	5804	5900	6262	7774	7865	7951	8049
real state	4735		5692	7125	7278	7389	
difference	1069		570	649	587	562	
annual increase of the limit		96	362	1512	91	86	98

*Resource: The Ministry of Finance of the SR*

The development during the years 1997 - 1999 was at particular ministries and other central bodies of the state as follows:

	1997 S	1998 S	1999 T
The National Council of the SR	546	582	578
Office of the President	47	23	69
Office of the Government	198	220	287
Constitutional Court	54	58	69
General Prosecution	97	96	130
The Supreme Audit Office of the SR	195	207	218
Ministry of Foreign Affairs of the SR	1090	1087	1173
Ministry of Interior of the SR	425	462	495
Ministry of Justice of the SR	408	408	440
Ministry of Finance of the SR	558	622	709
Ministry for Administration and Privatisation of the National Property of the SR	109	95	134
Ministry of Environment of the SR	272	273	288
Ministry of Education of the SR	220	240	267
Ministry of Healthcare of the SR	197	191	228
Ministry of Labour, Social Affairs and Family of the SR	353	366	378
Ministry of Defence of the SR	143	158	173
Ministry of Economy of the SR	492	537	527
Ministry of Agriculture of the SR	375	384	414
Ministry of Construction and Public Works of the SR	161	164	188
Ministry of Transport, Posts and Telecommunications of the SR	270	290	313
The Office of Geodesy, Cartography and Land register of the SR	52	52	58
The Statistical Office of the SR	361	350	375
The Office of Strategy of Social Development Science and Technology	147	133	96
The Office of Nuclear Control	78	79	82

The Office of the Industrial Ownership	139	142	145
The Office for Standardisation, Metrology and Testing of the SR	51	53	57
Anti Monopoly Office	64	64	71
The Office of Labour Safety	54	53	60
together	<b>7156</b>	<b>7389</b>	<b>8049</b>

*Resource: State budgets and Final State accounts*

S - real state

T - table places

The development of expenditures for salaries of personnel of the central authorities of state administration increased three times in the period 1993 - 1998.

	1993	1994	1995	1996	1997	1998	
expenditures in million SKK	618	754	903	1562	1722	1900	
annual growth in %	-	+22,8	+19,8	+73,0	+10,2	+10,3	

### 1.4.3 Territorial bodies of state administration

Territorial bodies of state administration could be divided in principle into two groups. The first group includes the bodies that are directly linked to the relevant central bodies of state administration and act as budgetary and contributory organisations. The second group includes the bodies of local state administration.

According to the Law 221/96 Coll. on territorial and administrative division of the SR, the territory of the region and the district are territories for execution of competencies of state bodies if not stipulated otherwise by another law. Therefore it is apparent that the state bodies can have their territories defined differently from territories of districts and regions if relevant laws stipulate their different territorial domain.

The problem of building of the local state administration bodies, other territorial bodies of the state and line ministries organisations was solved in the years 1996 - 1998 in the following way<sup>6</sup>:

1. part of these bodies was copying the territorial and administrative division of the SR (8 regions + 79 districts)
2. part of the bodies is in 55 districts (judicial districts according to the Law 328/96 Coll.)
3. remaining bodies which have special number of their offices

### Subordinate budgetary and contributory organisations

In the period of time 1993 - 1999 the number of employees in budgetary and contributory organisations was developing as follows (the actual state):

<sup>6</sup> feasibility study "Economical evaluation of the activities of local state administration, 2/99, Ministry of Interior

	1993	1994	1995	1996	1997	1998	1999
budgetary organisations	226614	213 597	218786	227462	222040	227621	231985
contributory organisations	133508	31859	30652	39604	49100	47017	45953

In the year 1996 at budgetary and contributory organisations there was a change of the trend. The number of employees started mounting, which was expressed in the growth of expenditures for salaries:

	1993	1994	1995	1996	1997	1998	
budgetary organisations (million SKK)	15936	16885	18806	21335	23791	25916	
budgetary organisations (growth in %)	-	+6,0	+11,4	+13,4	+11,5	+8,9	
contributory organisations (million SKK)	8532	2801	4062	3786	5285	5616	
contributory organisations (growth in %)	-	-67,1	+45,0	-6,8	+39,6	+6,2	

The state budget for the year 1999 takes into account the following numbers of employees and expenses on salaries and other personal expenses (OPE) (in thousand SKK):

	Subordinate budgetary organisations		contributory organisations		Together	
	number of employees	salary expenses	number of employees	salary expenses	number of employees	salary expenses
Office of the Government SR	261	28 794			261	28 794
General Prosecution	1 294	316 918			1 294	316 918
Ministry of Foreign Affairs			217	22 953	217	22 953
Ministry of Interior	1 338	172 962			1 338	172 962
Ministry of Justice	4 410	732 318			4 410	732 318
Ministry of Finance	11 346	1 809 629			11 346	1 809 629
Ministry of Environment	1 416	148 226	539	51 264	1 955	199 490
Ministry of Education	21 372	2 683 056	1 104	124 660	22 476	2 807 716
Ministry of Healthcare	5 930	644 461	879	86 455	6 809	730 916
Ministry of Labour, Social Affairs and Family	375	39 494	64	7 256	439	46 750
Ministry of Culture	230	20 250	4 096	655 372	4 326	675 622
Ministry of Economy	505	64 548	682	82 217	1 187	146 765
Ministry of Agriculture	1 825	212 775	4 985	450 091	6 810	662 866
Ministry of Construction			251	24 862	251	24 862

and Public Works						
Ministry of Transport, Posts and Telecommunications	6 721	597 875	1 399	138 066	8 120	735 941
The Office of Geodesy, Cartography and Land Register	556	52 315	28	2 777	584	55 092
Statistical Office	893	101 787	146	16 847	1 039	118 634
The Office of Strategy of Social Development Science and Technology			144	16 429	144	16 429
The Office for Standardisation, Metrology and Testing	197	24 098	326	23 613	523	47 711
The Office of Labour Safety	333	43 292	238	29 810	571	73 102
Slovak Academy of Science	2 140	265 462	1 410	164 300	3 550	429 762
Press Agency of the SR			249	30 675	249	30 675
TOGETHER	61 142	7 958 260	16 757	1 927 647	77 899	9 885 907

*Resource: Ministry of Finance of the SR*

### **Local state administration**

In the framework of the horizontal integration of local state administration, the indicated objectives were not achieved. On the contrary, the realised de-concentration of state administration without parallel decentralisation has caused high financial and personnel demands of the bodies of local state administration. In spite of announced increased accessibility by the citizens, which was the main argument for the creation of 79 districts (except for lobbying initiatives of representatives of seats of possible districts) the execution went away from the citizens. The proof is the subsequent establishment of 45 permanent workplaces of district offices (the government limited their number to 20).

Drawing expenses from the budget chapter of state budget - Regional Offices show increased running costs. From the increase within years 1995 - 1999 it is apparent that app. 39% of this increase are the salary expenses, wages and other personnel expenses. In spite of this the capital expenses and expenses for goods and services decreased.

	<b>together</b>	<b>capital</b>	<b>running</b>	<b>in it: salaries</b>	<b>products/services</b>
1995 - reality	33 790 922	1 810 551	31 980 371	11 824 178	6 077 120
1999 - proposal	47 621 695	1 543 328	46 078 367	17 316 953	5 293 609
difference	13 830 773	- 267 223	14 097 996	5 492 775	- 783 511

*Resource: Ministry of Finance of the SR*

The number of employees and the expenses on local state administration machinery are increasing every year.

Region	1997 reality		1998 reality		1999 proposal		1999 / 1997 in %	
	1	2	1	2	1	2	1	2
of Bratislava	1871	239,71	1982	264,57	2095	276,73	+12,0	+15,4
of Trnava	1901	227,86	1984	244,14	1969	250,02	+3,6	+9,7
of Trenčín	2161	250,95	2231	272,82	2193	280,67	+1,5	+11,8
of Nitra	2262	255,08	2353	276,23	2222	279,75	-1,8	+9,7
of Žilina	2601	302,21	2711	322,33	2622	330,81	+0,8	+9,5
of Banská Bystrica	2899	339,52	2961	359,32	2955	371,91	+1,9	+9,5
of Prešov	3136	353,71	3249	386,04	3044	387,10	-3,1	+9,4
of Košice	2899	319,08	2995	336,48	2701	349,16	-6,8	+9,4
SR	19730	2 288,1	20466	2 461,9	19801	2 526,1	+0,4	+10,4

Resource: ŠZÚ 1997,1998, ŠR 1999: 1 - number of employees, 2 - wages, salaries and OOV (in mil. SKK)

From the analysis of budgetary expenses for activities of the district offices, it is apparent that financial and personnel demands of "small" districts are much higher than bigger districts.

Expenses for the administration per citizen of a district in the year 1997 were as follows:

District Office	Number of inhabitants in the District	% proportion of expenses on administration from total expenses of District Office	expenses on administration per capita (SKK)
Martin	97 800	11,6	569
Turčianske Teplice	16 900	32,2	1885
Žiar nad Hronom	48 500	16,7	824
Banská Štiavnica	17 000	46,2	3810
Žarnovica	27 900	28,9	1827
Dunajská Streda	126 300	12,8	616
Levice	120 100	10,2	530

Resource: Analyses of MI SR, February 1999

Requirement for the creation of 45 branch workplaces has confirmed that the basic services for the citizens (demanding because of direct contact with the citizens) can not be sufficiently provided in the present seats of districts and their substantial closer access for the citizens is necessary. In the contrary, many other activities in the framework of general state administration as well as in specialised networks (police, fire protection, forest offices, army administration,...) were too much fragmented. It has caused the permanent increase of expenses (managers, operational personnel) and in many cases it has caused their lower "action ability" (firework protection).

The establishment of 8 regions was not a very good solution. The regions with their size and number of inhabitants do not meet the criteria, which would enable the establishment of the self-government of higher territorial units according to the Law 221/96 Coll. with the same borders, because they would be in contradiction with generally accepted principles of regional self-government. On the other hand the average size (670 000 inhabitants) and the area of the regions do not enable to include them to the category NUTS II of the EU statistics standards. Their amalgamation is necessary for

drawing financial means from the EU funds. That is why it is necessary to consider the existence of 8 regions especially in relation to the decentralisation process in public administration.

The specific problem that is influencing not only the expenses of public budgets but also the quality of work of territorial bodies of the state is a fact that the increased number of offices required an increase of heads and operational personnel at the expense of professional employees. From the whole number of 17 000 employees of district offices there are 3643 heads i.e. 21,5%. In 8 regions from the whole number of app. 2700 employees there are 488 heads. When evaluating the administration it is necessary to verify whether such a number of director level employees is needed. In the offices of local state administration there actually exists four levels management: (principal - deputy of the principal - head of the department - head of division).

The regional offices are the founders of budgetary and contributory organisations. The following numbers of employees and expenses on salaries, wages and OPE are considered for the year 1999:

Region Office	budgetary organisation		contributory organisations		together	
	No. of employees	expenses of salaries	No. of employees	expenses of salaries	No. of employees	expenses of salaries
Bratislava	17 329	1 726 004	3 415	376 954	20 744	2 102 958
Trnava	14 921	1 498 295	2 835	288 732	17 756	1 787 027
Trenčín	15 736	1 581 500	3 909	426 694	19 645	2 008 194
Nitra	18 626	1 831 764	4 254	446 106	22 880	2 277 870
Žilina	18 907	1 836 800	4 852	503 373	23 759	2 340 537
Banská Bystrica	19 615	1 965 285	4 163	425 801	23 778	2 391 086
Prešov	22 279	2 176 251	5 189	537 127	27 468	2 713 378
Košice	21 876	2 174 916	4 139	424 140	26 015	2 599 056
TOGETHER	149 289	14 790 815	32 756	3 428 927	182 045	18 219 742

*Resource: Ministry of Finance of the SR*

#### 1.4.4 Local self-government

According to accessible data, approximately 52 100 employees are working in local self-government, approximately 17600 employees out of this number in municipal offices. Within the years 1993 - 1998 administration expenses of local self-government (group 6 - administration) were increasing as follows:

	1993	1994	1995	1996	1997	1998
Administration (in mil. SKK)	3758,1	4015,1	4521,8	5014,7	5651,4	6136,0
% proportion from total expenses	19,5	20,0	20,3	21,7	21,2	22,4

*Resource: Final State accounts*

The analysis of structure of expenses for administration follows that a substantial part is the expenses for the activities of municipal offices and the expenses for salaries

and insurance payments. The portion of salary expenses per capita follows that the smaller size of the municipality the higher amount of expenses per capita i.e. the municipalities with the number of inhabitants under 500 have the highest number.

#### **1.4.5 Other institutions linked to the state budget**

Most of the existing analyses were focused first of all on the evaluation of the effectiveness of the functioning of state administration (central bodies and local state administration), local self-government and part of specialised state administration. Less attention was paid to the bodies, institutions and enterprises linked to the public budgets.

Among the institutions whose effectiveness of functioning and the scope of dependence on the public budgets and to other central bodies of state administration should be evaluated there are:

- The Fund of National Property, Slovak Land Fund
- The Slovak Academy of Science, The Slovak Radio, The Slovak Television, The Board of the SR for television and broadcasting, The Press Agency of the SR, The Slovak Information Agency, "Matica Slovenská (*Slovak national cultural institution*)"
- Army and general headquarters, The Military Protection Intelligence Service, The Police Corps of the SR, Slovak Information Service
- Social Insurance Company, General Insurance Company, Common Health Insurance Company
- Foreign and trade missions
- Legal entities subject to the Law on state enterprise (Slovak Gas Industry, Slovak Electricity Company, Slovak Telecommunications, Slovak Mail, Railways of the Slovak Republic, Slovak Bus Transport, ...)

#### **1.5 Conditions of successful realisation of the strategy**

The success of realisation of the reform is dependent on the chosen strategy as well as on its elaboration to particular projects and on the qualitative implementation of principles of the reform into legislative framework.

An important part is the way of organisational safeguarding of the reform, management of particular steps and processes of the reform. An essential issue is the appropriate timing of the realisation of particular steps in relation to the current social, political and economical situation in Slovakia. It is necessary to remind that there exists a political will of all the parties of the current governmental coalition to realise the decentralisation and to change the previous approach to the reform.

The experience from last years as well as the knowledge from many European countries has defined other conditions of successful process and realisation of the reform and decentralisation of public administration:

- a) public administration reform is related to all sectors of society. The result of this reform is a new division of power and responsibility for successful functioning of the state. That is why it is necessary that the reform process becomes a **national**

**programme** of the government with a long-term character at the head of the Prime Minister.

- b) process of the preparation and realisation of the reform has an impact on all citizens and that is why it must have a **non-partisan character** i.e. all citizens should benefit from the creation of an institutional framework and safeguarding of public tasks. It should be a nation-wide consensus between the current representatives of the coalition and the opposition. The realisation of different political aims, the creation of governmental policy should be done in the framework of generally accepted institutional framework and rules of public administration
- c) continuation of the public administration reform already in the framework of the strategy of further progress should reflect **current and anticipated trends in Europe**, i.e. its direction should be in accordance with general principles in the EU countries, especially by respecting of generally approved European conventions and charters
- d) success of the public administration reform and the process of decentralisation require a public support and that is why the process of the reform and decentralisation should become a **public affair**. The transparency in this process is very important in all post-communist countries for the reason not only non-preparedness of citizens to take over higher responsibility for public affairs, but also a lack of confidence in the state institutions and self-government as a result of the past decades. The transparency of this process understood as a part of the education of citizens in political and civil rights matters will contribute to increasing of the interest in public affairs, to better control of elected and non-elected representatives of public administration.



## **2. PRINCIPLES OF DECENTRALISATION AND PUBLIC ADMINISTRATION REFORM IN THE SLOVAK REPUBLIC**

### **2.1 Programme declarations of the Government**

The Government of the Slovak Republic in its Decree no. 788 from the 18<sup>th</sup> November 1998 has committed itself to modernise the functioning of the democratic state, to bring into society the effort to reach justice, freedom, responsibility, solidarity, rule of law, honesty, respect to division of power, to support the initiative and activity of the citizens, to fight against corruption, cult of power... At the same time the Government has committed itself to achieve the membership of the Slovak Republic in the OECD and try to assign the Slovak republic to the first group of states applying for the accession to the EU.

The Government of the Slovak Republic is decided to realise more substantial measures that will lead to the strengthening of the democratic state governed by rule of law, among others:

- to deepen and to extend the direct democracy
- to prepare the new laws on the presidential elections, on the elections to the National Council of the Slovak Republic and on the elections to the self-government bodies
- to realise the further decentralisation of the competencies from the local state administration bodies to the local self-government and prepared regional self-government
- to re-evaluate the current legal definition of the state ownership and economy with its property

In the area of public finance the Government has committed itself, among others:

- to extend the transparency of financial flows in all units of public finance
- to decrease the extent and reallocation of financial resources through the state budget
- to apply the decentralisation and the democratisation of state finance and to strengthen the role of the territorial self-government when providing services for the citizens with ensuring of relevant resources for their financing
- re-evaluation of reasons for the existence of state funds, non-state funds and public funds
- to support the municipal self-government with the gradual decentralisation of public finance

In the area of public administration the Government has committed itself:

- In relation to the political and economical situation to deal with an optimal organisation of public administration so that it will ensure basic needs of the citizens. That is why it is necessary to continue with the decentralisation of competencies of the state to the lower units of public administration respecting the principle of subsidiarity
- to realise the further decentralisation of the competencies from the local state administration bodies to the territorial self-government and prepared regional self-government

- to review the need for amendments of the Law on territorial and administrative division of the Slovak Republic
- to accept the ratification of the European Charter of the Local Self-government  
In the area of regional policy the Government has committed itself:
- to enforce such a financing of the regional development that will enable a differential approach of the regions to the fulfilment of their own decisions, what the government considers as one of the signs of the independence of regions of the centre
- legislatively and institutionally define possibilities of the regions to influence the building of the technical and social infrastructure by the decentralisation of competencies and financial flows
- to prepare a complete change of the territorial planning and Construction Order in order to enable the citizens, municipalities and regions to administer their territory in a more effective way

The aim is a democratic functioning state, in which the principle of subsidiarity will be applied, i.e. the fulfilment of public tasks is entrusted to that institution, which is the closest to the fulfilled task according to the division of competencies (responsibility and power).

## 2.2 Principles of reform in Slovakia

The mentioned goals can be reached only with an active participation of all Slovak citizens. Therefore the public administration reform must respect general principles of civic society, subsidiarity, effectiveness, transparency and flexibility.

### **Civic society**

The creation of "Slovakia of the third millennium" is contingent on the participation of all the citizens, which want to reach a change. It is necessary to create conditions for their participation, i.e. a brand new relation between the state administration, self-government and the private sector.

Basic deformations of the present state are caused by the previous regime, in relations between basic sectors of public life:

- 1) encroachment of the public sector on the areas where it was not purposeful and effective
- 2) weakness of entrepreneurs, especially small and medium businesses, even more deepened by the policy of central power
- 3) weakness of the third sector
- 4) too much strength of the state sector of public administration.

When defining a relation between the public and the "third" sector it is necessary to respect the fact that more and more tasks of public administration in rich countries are carried out by organisations of the third (non-profit) sector, while the public sector is substantially involved to finance their execution (in the USA as many as 38% of incomes of the third sector come from self-governmental or state institutions, especially on the local level). Therefore it is in the interest of both subjects of public life to co-operate closely.

### **Subsidiarity**

The Slovak Republic is at present one of the countries with the highest scope of centralisation of power. An indicator "ratio between expenditures of local budgets and over-all general expenditures" is showing it clearly. It is obvious when comparing with the average of the OECD countries, Sweden, Denmark, Hungary and Poland.

Slovakia - approximately 12%

Poland - 20%

Hungary - 25%

Denmark - 50%

Sweden - 45%

OECD - approximately 18%

The principle of subsidiarity is applied in all "successful" countries. In Slovakia preconditions are decentralisation and deconcentration of power.

*Decentralisation* means that a big part of responsibility for safeguarding public services and creation conditions for the development of Slovakia will be given to the local and regional self-government (hereinafter referred to as "territorial self-government"). The territorial self-government will act as a public law subject in respective areas, in accordance with the valid laws, independently of the state administration and it will have actual financial resources to safeguard it. It means that the representatives of local and regional self-governments elected by the citizens will have a final say. Impartial courts of law will handle disputes between subjects of self-government or between self-government and state administration in case law is broken.

*Deconcentration* of state administration means that competencies of central authorities of state administration will be transferred to the local level of public administration. In this case the execution of transferred competencies to self-government will be financially covered from the state budget and a way of fulfilling tasks will be controlled by the state and managed by the state authorities.

### **Effectiveness**

After the creation of local state administration (regional and district offices) in 1996 the central government transferred the administration of selected competencies and approximately 23% of public finance to the regional and district offices. The absence of parallel creation of self-government of higher territorial units and possibilities of control of economy by elected representatives caused a possibility of political misuse of the state administration structure. It also created an environment for the growth of corruption in the public sector and made functioning of public administration less effective as before 1996.

The Slovak Republic must have an effective public administration structure in order to collaborate effectively with other European and overseas states. However, this condition has also a national impact. Only a well-structured and effectively functioning administration of public affairs enables mobilisation of local and regional potential (human, natural and productive) as well as an active participation of citizens, civic associations to public life. It also enables a regional development.

The central Government needs much more space for the integration of Slovakia to euro-atlantic structures, for the implementation of legal regulations. Therefore it is inevitable that the responsibility for safeguarding of public and "mixed" goods is distributed among the citizen, local self-government, regional self-government, interest group self-government and local state administration.

A reduction of expenditures for public administration enables to increase sources for securing services, for participation in foreign supportive programmes, for the participation of private both domestic and foreign private capital. The effectiveness of public administration enables more effective collaboration between the public and private sector.

De-centralisation of responsibility and public finance enables local and regional self-government to safeguard public tasks more effectively and enables central state authorities to create conditions for the development of economy, co-operation with foreign countries as well as for the European integration.

### **Transparency**

One of the basic goals of the Slovak Government is to bring to life an effort to reach justice, freedom, solidarity, rule of law, respect of division of power, support of initiative and activities of people. At the same time it is necessary to tackle corruption, irresponsibility and to prevent efforts to concentrate power and wealth.

An unclear, complicated public administration based on a subjective approach causes the growth of corruption and clientelism. Old institutions persisting from economy centrally directed by governments bring about failures in the area of administration as well as economics.

Making the structure of public administration clearer and its modernisation, stabilisation of institutions and employees, permanent education, substantial change of financing the public sector, transfer of a part of power to territorial self-government and therefore increased control of the administration of public affairs by the public as well as a clear definition of responsibilities enable to eliminate elements impeding the economic development and social safeguards of the citizens of the Slovak Republic.

### **Flexibility**

It is inevitable that the public administration reform enables a flexible response not only to constant changes of requirements within Slovakia, but also to future trends of world-wide changes. A differentiation of needs and requirements of inhabitants of respective regions and also a need for a differentiated approach to the regional development require also a flexibility of administration, i.e. reaction to local and regional needs and requirements.

The former paternalism of the state and communist methods have caused the growth of social tension and deepened differences between living standard in respective regions, increase of unemployment rate and excluded minorities (ethnic or interest) to participate.

A transfer of as many tools, competencies and as much control as possible to territorial self-government is an important step for changing these habits. At the same time conditions will be created for more effective realisation of administration, diversified approach on the basis of requirements of the citizens, better co-operation

between the public and non-governmental sector, better solution of minority problems, de-politicisation of public administration and above all, more dynamic development of economy.

### **2.3 General principles**

1. The decentralisation and application of the principle of subsidiarity does not mean a retreat of the state domain. The aim of a new division of responsibility for the development of Slovakia between all three levels (municipality - region - state) is to achieve an increased efficiency and position of the state as a whole in the framework of European and world structures at the economic and political field and at the same time to mobilise and substantially effectively exploit natural resources, production means and human resources of villages, towns and regions in the favour of the increase of quality of living standard of their inhabitants.

2. The decision, how the position of individual levels of execution of public power will look like, is closely linked with the decision what kind of state the Slovak Republic should be and with a decision what role has the state to play in the process of transformation of society. When deciding it is also inevitable to respect the present situation of the state caused in the past few years and what are the chances for substantial improvement of the present situation. The framework economic and political conditions will be revealed especially in the process of proposal of a time-table of decentralisation steps.

3. It is inevitable to consider carefully what has to be the role of the state in the process of transformation and decentralisation. Because Slovakia is a unitary state, an exclusive constitutional and legislative entity and has exclusively all judicial power, the role of the state, including the central government, is irreplaceable. The state can not give up its responsibility to its citizens by a simple act of transfer of responsibility to the lower levels of public administration without a guarantee that citizen – taxpayer will not suffer. That is why the state has to, before the realisation of the decentralisation and besides the guarantee of the process itself, safeguard the following:

1. correct mistakes from the past, which caused an increase of expenses for public administration and politicisation of public administration
2. elimination of excessive regulation that is causing an increase of bureaucracy, except the limitation of market economy
3. deetatisation of property and services

4. From the economical viewpoint (but also from the political viewpoint – tense atmosphere comes from bad economic situation) it is more appropriate if the processes of changes are ongoing in the time of relative "welfare" and not in the time of "sinking" of the economy. The stabilisation of new structures of a "decentralised state" takes some time and needs financial resources. The deficit of public budgets in the SR, the necessity to pay debts from the previous years, the need to concentrate the volume of financial means for some period of time and central decisions on their reallocation into the areas with the greatest needs: all this put emphasis on the well thought-out decentralisation of public finance. The contrary could cause:

1. complicated co-ordination of delivering of public finances to crisis areas

2. irresponsibility of exploitation of decentralised public finance not only from the side of the state, but also from the side of elected representatives of local and regional self-government.

It is of course possible to minimise these risks.

## **2.4 Deetatisation**

1. In the framework of public administration reform it is necessary to define assets, which have a private character (private assets) and which are a public affair (public assets). The recent transformation did not contribute to the definition of the content of these sectors in Slovakia and therefore basic deformations in the area of proportionality between public administration, private and the third sector are persisting.

2. If the public administration reform is to be more than a power tool of politicians, if the aim of the reform is to be also an efficient administration of taxes of the citizens, the differentiation between private and public assets is inevitable. The reason for such a division of assets is the fact that while the private assets are secured by payments, public assets and share of public administration in securing of mixed assets are financed by taxes levying to public budgets. For this reason the ratio between the private and public assets plays an important role in judging of governmental expenses. A great volume of governmental expenses stemming from the excessive scope of activities performed by the state influences the high tax burden. It is a reason of the growth of the grey economy that is influencing quality of delivered public services. It flows from the comparison of the states with a different size of government that states with a high scale of interference with the private sector not only inadequately load their citizens - taxpayers, but also lag behind in delivering services in the social area.

3. A rational division of securing public administration tasks into respective levels and a way of its financing plays an important role. Uncertainty in relations is reflected in growing costs for securing services for the citizens. They feel it as taxpayers as well as customers in the form of the quality of delivered services. A monopoly position of the entities of public administration very often liquidates the increase of quality and the decrease of costs through competitive environment.

4. It is obvious that the involvement of the public sector, the extent of private assets and the division of public power into all three levels will depend on a philosophy of politicians and on the structure of decisive political subjects representing public power. In spite of this fact it is necessary to realise that in democratic countries, which are not undertaking the process of transformation from totalitarian to democratic, from centralised to decentralised system, there are not diametrically opposed differences in understanding of the public and private assets among standard political subjects. Many "left" oriented governments, not only in the EU countries, but also in countries in transition (Hungary) proceeded to fundamental decisions in the framework of deetatisation.

5. The process of deetatisation does not mean only privatisation, but it is also a process of transfer of the present property of the state to other institutions of public power, in our case to local self-government and future self-government of higher territorial units. The areas where the transfer of competencies will happen are concerned most.

6. One of the decisive tasks of the public sector is the rationalisation of public consumption. It is possible to fulfil this condition only by savings in the framework of existing structure that is a permanent issue. On the other hand, the transformation of the Slovak Republic from a country with a centralised public power and centrally planned economy to the country with a decentralised public power and with application of principles of market economy requires:

- to decrease the extent of safeguarding private assets by the public sector
- to limit the intervention of public administration into private assets
- to decrease costs of public administration bodies
- to define a new division of competencies among individual levels of public power.

7. A decisive condition of the rationalisation of public consumption is the continuation in the process of transformation of ownership and the transfer of responsibility of the state for the majority of economic activities to the private, co-operative and communal sector. However, deetatisation does not mean that the state will give up its exclusive rights. In principle, the state should not directly interfere with economic activities and should leave the involvement of the public sector for the territorial self-government or self-government of interest groups. A precondition of the continuation of deetatisation is the finalisation of definition of ownership relations.

In the framework of the continuation with the deetatisation of the property it is possible to consider the following:

- forestry: transfer into ownership of municipalities or privatisation
- agricultural land: transfer into ownership of municipalities or privatisation
- energy: privatisation with the participation of the state or territorial self-government (natural monopolies)
- transport infrastructure: privatisation, transfer to territorial self-government, to keep the ownership of the state (main railways routes)
- housing: privatisation, transfer to municipalities
- health-care: privatisation of selected facilities, transfer to territorial self-government with the exception of selected facilities of a nation-wide importance
- education: transfer to territorial self-government with the exception of universities, privatisation
- culture: privatisation, transfer to territorial self-government
- spas (health care resorts): privatisation, transfer to territorial self-government, with exception of natural sources
- road network: transfer to territorial self-government with the exception of highway network
- water management: privatisation and transfer to local self-government, with exception of natural sources

## **2.5 Selection of a model of public administration**

In the framework of the further process of the reform it is necessary to answer the question, what model of administration of public affairs should be applied in Slovakia. In principle, two approaches are possible:

- I. to continue in separated (dual) model of securing public tasks

- II. to realise an "integrated model" i.e. not to convey, but to transfer of the execution of tasks of the state administration to the bodies of territorial self-government.

Both variants have advantages and disadvantages and its history.

**The separated model** was renewed again in 1990 with the approval of the Law no. 369/1990 Coll. on municipal establishment. It prefers strengthening of self-governing element in securing public tasks. Its application means:

1. institutional division of the execution of state administration and self-government
2. considerable transfer of competencies from state administration to self-government of higher territorial units and to local self-government (decentralisation)
3. differentiation of conveyed competencies according to the size of self-governing unit
4. transfer of competencies from central government to its lower levels
5. considerable decreasing of the engagement of the state within the territory, the reduction of the number of offices of the local state administration
6. transfer of competencies from the state to public law institutions
7. creation of mechanisms of co-operation of the state administration and the self-government within the territory

**The integrated model** prefers considerably sensible execution of the state administration within the territory is. Its application means:

1. Mutual binding of territorial state administration and territorial self-government
2. Minimal scope of competencies of the state transferred to the self-government
3. Transferred execution of the state administration to "charged" towns, villages and regions, while taking into account relations between the size of a territorial and administrative unit and effectiveness of securing the task.
4. Transfer of the execution of competencies from the central level to its lower levels.
5. Keeping influence of the state on the execution of the majority of competencies.

For the decision on future arrangement of relations between the state administration and the self-government both models are compared using 6 criteria. With regard to the engagement of the government to strengthen self-government and decentralise power the evaluation is oriented on impact on self-government.

Criterion 1: ***Influence of laws on operation of public administration***

In the framework of the separated system self-government is under the risk of attempts of central power to change existing laws or do not respect laws (also at present the abdication on fulfilling of its tasks and binding of self-government with fulfilling of state obligations). In the framework of the separated model the state administration is more distant from decision-making, which allows a better application of control mechanisms concerning the respect of law. A strict application of the dual model will require an involvement of self-government in the preparation of (general) laws, which will mitigate a tension in the process of their application.

In the framework of the integrated model there can appear attempts to break laws because of interests of local (regional) society.



### *Conclusion*

The risk in the case of the integrated model is higher because of a possible linkage of the local state and self-government power when solving conflict situation.

### **Criterion 2: *Objectivity and impartiality of the execution of public administration***

In the framework of the separated model the execution of public administration will be controlled directly by citizens on the local and regional level as well as by inspection and supervision institutions of the state, that is a higher guarantee of the objectivity and impartiality as in the case of the integrated model. In the integrated model regions will not have an influence on drafting of the legislation and the transfer of execution of state administration to the local self-government can mislead to attempts to break the laws when solving conflict situations on the local level.

### *Conclusion*

The same conclusions as in criterion no. 1 apply.

### **Criterion 3: *Respecting the domain of state administration and self-government***

In the framework of the separated model both parts of the public administration are respected in the case of a clear definition of competencies of state administration and the competencies of self-government.

In the framework of the integrated model the competencies of the state administration and self-government are overlapping, which can cause risks of erosion of state administration in the case of predominance of the self-government especially in personal matters. On the other hand, in the case of predominance of state administration functions, the self-governing principle can be weakened. This risk can be avoided by entrenching twofold subordination of leading officials, by application of institutional supervision and by the methodical management, that is however difficult. A proof is the current state. The offices of local state administration are managed by the Ministry of Interior and other line ministries have only a methodical influence. This model is subject to many disputes and efforts for change. The application of such a principle in the integrated model would mean significantly bigger complications owing to significantly different way of functioning of state administration and self-government.

### *Conclusion*

A higher extent of respecting of both functions can be expected in the case of the separation of the state administration from the self-government.

### **Criterion 4: *Mutual co-ordination of activities***

In the framework of the separated model the co-ordination is more difficult. In general, risks of the decentralised system of public administration are applied, among them a more difficult negotiation between the subjects of public administration. This risk can be reduced by very clear definition of competencies and by determination of co-ordination relations.

In the framework of the integrated model the co-ordination does not constitute a serious problem.

### *Conclusion*

The mutual co-ordination of activities of public administration is simpler in the case of the integration of state administration and the self-government.

### **Criterion 5: *Scope of application of decentralisation and deconcentration***

The separated model allows the application of both principles. The efficiency of decentralisation is bound to the selection of competencies, which the self-government is able to safeguard better, (they are bound on direct needs of citizen) but also to the size of self-governmental subject from the viewpoint of efficient securing of services. Deconcentration from the central level to its lower levels is not also a problem and it can conform to the principle of efficiency.

In the framework of the integrated model the execution of the state administration will be also brought closer to the citizen, but in case that scope of transferred tasks of state administration prevails in the framework of this model, the limitation of independence of self-government can happen and there will not be a reason for the deconcentration of the execution of the state administration from the central level, too.

### *Conclusion*

The scope of decentralisation and deconcentration depends above all on a way of realisation of both models (scope of separation or share of the original and transferred competencies) but with regard to the present situation, from the viewpoint of independence of local self-government, the application of the integrated model in Slovakia would be a step backward.

### **Criterion 6: *Volume of expenditures and transparency of financial flows***

In the framework of the separated model the transparency of expenses for state administration and self-government is considerably higher including the overview of financial flows. The volume of usual expenses of self-government can, after the application of possible one-time expenses linked to the transfer of competencies, decrease because of significantly better control by elected bodies. Dual model means lower share of public finances in the public budget and thus lower expenses.

The integrated model also requires one-time expenses (already the present realisation of local state administration is an evidence of this fact). In this model the financial flows are significantly non-transparent, and at the same time conflicts concerning the application of the system of the state treasury can occur, because of the several years of existence of independent self-government.

### *Conclusion*

In principle it is possible to state that expenses are not different but the decisive fact is that the financial flows are more transparent in the dual system.

### *General conclusion*

From the comparison of criteria in relation to the Programme Declaration of the Slovak Government it is clear that the realisation of the "separated model" of public administration is in favour of the strengthening democracy, decentralisation, deconcentration, deetatisation and deregulation i.e. continuation with the process of the

separation of state administration from self-government and the decentralisation of competencies from the state to the self-government.

Together with the transfer of competencies to self-government it is inevitable to transfer also the property necessary for safeguarding of public tasks, that is why the deetatisation of the state property is an indivisible part of the reform.

Together with the transfer of the part of responsibility of the state for the execution of economic activities it is necessary to proceed to the process of deregulation introduced by the state in the areas, for which regional self-government will be responsible to the citizens.

Proposed changes and changes resulting from the ratification of the European Charter of Local Self-Government should be reflected in existing laws and should be taken into account in the case of the amendment of the Constitution or in the framework of drafting of a new Constitution.

It is necessary to proceed to a clear definition of competencies that will be administered by local self-government and self-government of higher territorial units.

The decentralisation step requires also a fundamental change of the taxation system, system of financial balancing and new budgetary rules, but also the realisation of measures leading to the limitation of the risk of excessive indebtedness of local self-government and self-government of the higher territorial units, measures leading to the limitation of the unwillingness to participate in national -wide programmes, possibly limitations that would have impact on the bad payment balance of the state as a whole.

The decentralisation will positively show in the area of fiscal policy, especially because self-government can create reserve funds for "worse times" and can use them to stabilise the situation when needed. Local self-government behave more conservatively and that is why the extent of their indebtedness will not reach in total the level of indebtedness of the central government. Expenses of the local self-government are more easily controllable and are not subject to "political agreements" that follow more carrying out of promises of politicians than the efficiency of spending of public finances.

## **2.6 Principles of target state**

1. Public administration in Slovakia will be secured on three levels
  - 1) state (level of the Slovak Republic as a whole)
  - 2) higher territorial unit
  - 3) municipality
2. All three levels of public administration (execution of public power) must be units which are bound by public and private law when executing their tasks i.e. when securing public task (public power) they will be bound by the law to realise those competencies, which will be entrusted to them and at the same time they can, as legal entities execute activities, which are result of an agreement of representatives of village, town, higher territorial unit or state and their inhabitants.
3. All three levels of public administration will be represented by the apparatus and elected representatives of citizens. On the level of the state there will be ministries, other central authorities of the state administration and the National Council of the Slovak Republic (its final shape i.e. unicameral or bicameral system will depend on an

agreement on the scope of competencies of Higher Territorial Units of Self-Government - HTUS). On the level of HTUS there will be an office of higher territorial unit and the council and on the municipal level there will be local (city) office and the local (city) council.

4. In accordance with the Constitution of the SR there will exist two levels of self-government: local self-government - self-government of higher territorial unit. The scope of competencies of self-governing bodies will be increased as well as the responsibility of self-government for the administration and development of the state.

5. The state administration will be secured by:

- \* ministries, central authorities of the state administration and agencies charged by the state
- \* territorial bodies of the state administration

In exceptional cases (if it is a better solution from the point of view of the citizen) tasks of the state will be secured by bodies of local self-government regarding transferred competencies from state administration to self-government (register, register of citizens, issuing of personal documents).

## **State Administration**

6. In the area of application of executive power the state should have domain pertained to the whole state territory and all persons within it. The reason is the necessity of safeguarding the uniformity of application of public power on the whole territory of the SR in all cases.

7. The exclusive competencies of the state are:

- \* defence of the state including keeping the armed forces and armed corps
- \* foreign policy and international relations
- \* safeguarding of internal order (legislation, police, education)
- \* issues related to state citizenship, stay of foreigners, marriages, divorces, adoption of children,...
- \* protection of the civil rights and freedoms (including e.g. the "land register")
- \* social legislation (The Constitution defines social market economy), social and legal protection of children, state social benefits
- \* management of the state assets
- \* management of own incomes and expenses (state budget)
- \* state registers (citizens, shot-guns and ammunition, motor vehicles,...)
- \* issuing of state documents (travel documents, identification cards, driving licences,...)
- \* execution of the state control (labour inspection, construction supervision, health supervision, school inspection, veterinary supervision, fyto (plants) supervision, fire supervision, environment supervision, cultural heritage preservation, shopping inspection, pharmaceutical supervision, supervision in the area of food production, police, SME supervision, state supervision related to social insurance, National Labour Office, pension insurance,...)
- \* creation of conditions of healthy economical environment (currency policy, tax policy, economical and regional policy, nation-wide infrastructure - fundamental railway network, highway network, water routes)

**8.** The decentralisation and a new division of the public power will without a doubt touch the present structure of the state administration on all its levels. The proposed decentralisation aims at the strengthening of conceptual, managerial and control functions of the central bodies of the state administration and considered deconcentration of the central bodies will relieve these institutions of operational activities and at the same time will bring the execution more closely to the place where tasks arise.

**9.** In the new conditions of the market economy, but also in relation to the fulfilment of requirements for the accession of the Slovak Republic to the European Union a deflection from the present line-ministry approach to the administration of the public affairs is inevitable. It is desirable to increase the cross-sectional and conceptual character of activities of the central bodies of state administration. At the same time it is inevitable to transfer more tasks, which were fulfilled until now by line-ministerial bodies to the supra-ministerial level or to create new institutions to safeguard these activities (central bodies, specialised government agencies, half-official agencies, independent institutions) even for the cost of abolishing existing institutions. This requirement has a specific significance also because of the realisation of declared fundamental changes in accordance with the Programme Declarations of the Government. The following activities are concerned:

- \* formulation of a macroeconomic strategy and economic policy (national agency)
- \* regional policy and support of programmes from abroad (national agency)
- \* process of decentralisation and modernisation of public administration (national agency - Office for the Process of Decentralisation and Modernisation of Public Administration)
- \* public procurement (Office for Public Procurement)
- \* control activities (Anti-monopoly office,...)
- \* IT in public administration (Office for State Information System)
- \* state assistance (Office of the State Assistance)
- \* personnel agenda, especially in relation to the civil servants (Office for the Civil Service)
- \* management of the state property
- \* and other activities, which will follow the process of decentralisation and modernisation of public administration

At the same time it is necessary to re-evaluate fundamentally the position of the Office of the Government and its structure. The creation of new institutions is conditioned by the dissolution or merging of existing ones.

**10.** An internal reorganisation of ministries and other central bodies of the state administration is inevitable. The aim of this reorganisation has to be:

- \* to simplify the organisational structure
- \* to unify the organisational structure
- \* to increase the horizontal co-ordination within the ministries and other central bodies as well as among them

**11.** It is necessary to redefine posts in bodies of the state administration, (political, professional, civil servant and service) in relation to prepared laws as well as to demands for training in public administration. The division of posts into individual categories

depends on how the posts are filled, on a position and perspectives of the person on the post, on his/her rights and duties.

1. Political posts are filled by selection or by appointment for an unlimited period of time, without claims for prolongation, guaranteed career promotion or permanent status.
2. Highest civil servant posts should be filled on the basis of selection procedure
3. In the framework of the organisational structure of ministries, central bodies or deconcentrated bodies of the state (after the realisation of the decentralisation) the heads of offices should be civil servant function, not political one. The head of office of the local state administration is a political function until the time of realisation of the decentralisation.
4. Non-civil servant posts in state administration and other posts in the public sector (including self-government and public institutions) will be defined by a separate law.
5. Assisting and service posts will be filled on the basis of a recruitment and selection. These employees of the public administration will be employed according to the Labour Code

**12.** The decentralisation of the public power will create a possibility to proceed to changes within the ministries and other central bodies of the state administration or to the transfer of competencies between individual bodies. The decisive fact is increasing of their efficiency, flexibility. The present, cumbersome ministries with the complicated organisational structure, with the high number of employees and with very often illogically organised activities are the cause of a low rationality of their operation.

**13.** The Government as a supreme body of the executive power will orient itself primarily on the creation of norms, management and control and will not fulfil a technical-administrative function. It will not decide about concrete rights and duties of individual subjects. Ministries and other central bodies of the state administration will, in the framework of the power defined by a new "competence" law, prepare a new legislation, have conceptual, managing and control function.

**14.** The efficiency of activities of the offices of the state administration will be substantially increased by the limitation of a direct interference of the state with the area of economy, but also with the areas, which will be subject to the decentralisation. The task of the state institutions will be more focused on a formulation of strategic aims, an assignment of the direction of the state policy and a definition of framework conditions. Its control function will be accentuated especially towards the entities acting within the state, first of all, in the taxation area.

**15.** The changes within state administration are bound by the decision on a model of the organisation of public administration and to the extent of decentralisation and deconcentration of competencies. Changes should be realised in two steps:

1. rationalisation in the framework of the existing structure of the division of competencies
2. fundamental reorganisation on the basis of the decision on the extent of decentralisation.

**16.** After the realisation of the decentralisation of competencies from state administration to self-government the content of work of various present offices will be limited to control and inspection activities. The number of institutions of individual networks will depend on requirements for the rationality and efficiency of performance.

It will have regional differences i.e. it will not be identical. With regard to the present situation (buildings, technical equipment, staff,...) it is suitable that the seats of the present district offices are used.

### **Higher territorial units of self-government**

**17.** The inevitability to create self-government of higher territorial units is flowing from mainly these facts:

- historical development of the territorial division of Slovakia from 13<sup>th</sup> and 14<sup>th</sup> century led to the constitution of two levels of territorial public administration (apart from municipalities) represented by districts and higher territorial units (counties, zhupas, regions), which had more or less self-governmental power. This development substantially influenced the territorial structuring of the country represented by territorial units with specific cultural, historical, demographic, socio-economic and urban relations
- experience from applications of the uncompleted model of territorial public administration has so far confirmed that the absence of self-government of higher territorial units is a serious impediment of the rational division of administration of public affairs between state administration and territorial self-government. It creates bureaucracy, high expenditures, low effectiveness and a weak public control of public administration
- it is impossible to start the application of regional development policy based on endogenous growth factors without a creation of self-government on the level of higher territorial units. Such a policy assumes to create institutions, which have a right and ability to administer a substantial part of public affairs on their own responsibility and to the benefit of inhabitants of territorial units
- creation of self-governments of higher territorial units is foreseen in the Constitution of the SR, which in the Article 64, paragraph 3 anticipates the existence of self-governments of higher territorial units on the basis of a separate law
- according to the prepared European charter of regional self-governments an existence of regions, which are managed by responsible elected representatives assigned with real responsibilities, creates such a management, which is effective and at the same time close to the citizens. A region creates the level of power suitable for the realisation of the principle of subsidiarity, one of the main principles of organisation of a modern state
- after the creation of higher territorial units, Slovakia should make another step in the process of adaptation its territorial structure to the integration to the EU and it should start moving "the European way" of reforms of territorial public administration. At the same time it should be open towards the EU structural funds through regional governments.

**18.** Higher territorial units are placed between municipalities and the state. They are created by force of law, they are independent legal and economic entities. They have to have all the powers that belong to an administrative body:

- legislative (approving of generally binding regulations)
- decision making (in the area of public administration and development)
- control (of its own bodies, organisations, incomes, expenditures, property)
- executive (execution of their own decisions, tax execution)

- penal (sanctions for administrative torts)
  - creative (founding actual initiative, supervisory, executive bodies, organisations)
- 19.** A higher territorial unit will act in a defined territory as a compulsory association of municipalities and will fulfil those self-governmental tasks, which can not be fulfilled by respective municipalities (because of availability, economics, effectiveness of administration). The main tasks of a higher territorial unit of self-governments are:
- socio-economic development of a territory
  - balancing differences in infrastructure of a territory
  - fulfilling joint over-municipal services of public administration for all the municipalities of a territory and their inhabitants
- 20.** Higher territorial units of self-government must be large enough to build and manage institutions of the public sector effectively, such as high schools, hospitals, cultural institutions, social facilities. They should solve problems of the labour market, programme development and safeguard its realisation. On the other hand, they should be small enough to enable the introduction of self-governmental principles of management, transparency and effectiveness of decisions. They must manage the whole territory of a unit including its side parts in order to reach standard quality of life for the citizens in the whole territory.
- 21.** The scope of competencies in public administration, which should be safeguarded by higher territorial units of self-government, depends on the scope of decentralisation and deatatisation of public administration. In case of all the competencies regarding municipal territory and inhabitants of a municipality are transferred to a municipality, they will be at the same time competencies of higher territorial unit of self-governments. The ability to secure effectively and in a quality way a task on the local level will decide whether they (*the competencies*) will be safeguarded by local self-government or self-government of higher territorial units.
- 22.** Exclusive competencies of the state, tasks related to decision making in concrete cases regarding physical or legal persons and the execution of state control and supervision over subjects of public, private law and the citizens will not be in the domain of HTUS.

## **Local self-government**

- 23.** Local self-governmental bodies are much more flexible institutions in comparison with state administration regarding their organisational structure and the way of safeguarding services. Moreover, they are basically capable to deliver services cheaper and without useless bureaucracy. Such an administration, which is closer to the people is directly controlled by the people in issues of both programme and budgetary character.
- 24.** The law of the NC SR no. 369/1990 Coll. on municipal establishment in accordance with the Constitution of the SR defines a status of a municipality as a self-governmental territorial unit, it defines its competencies and a way of its financing. One of long-lasting problems of the reform is to bring the decentralisation process to municipalities, to create decisive parts of the public administration out of them. This tendency is applied in all



reform countries. To get more and a variety of competencies means more demands for performance of local (*self-governmental*) offices, bigger agenda and the increase of specification of working activities. On the other hand, the reform should increase the effectiveness of the execution of public administration.

**25.** Even a first look at the structure of municipalities in the SR from the viewpoint of the size puts doubts to the general intention of transfer of competencies, because 60% municipalities are those below 1000 inhabitants and as many as 43% those below 500 inhabitants. Experience from the countries of Western Europe and of Middle and East Europe confirm that the decentralisation of competencies to municipalities was preceded by the inevitable step of municipalisation - merging of initial self-governmental municipalities to higher territorial units.

*In Sweden 284 municipalities with a minimal number of 8000 inhabitants (optimal 20000) were created from initial 2500 municipalities from 1962 to 1974. At present approximately 1/4 of municipalities have fewer than 20 000 inhabitants. One of positive results of the reform is among others a decrease of the number of elected representatives from 200 000 in 1951 to the present state 70 000. E.g. in Poland there was a similar development. The municipalisation happened in 1974 and the local self-government is executed in 2489 gminas, which were created after merging of several municipalities in a way that the number of their inhabitants was approximately 15 000 inhabitants. In both cases the creation of an optimal structure of municipalities from the viewpoint of growth was made by a decision of the Government and the following approval in the parliament.*

**26.** The reason for the creation of an optimal structure of municipalities from the viewpoint of growth is effectiveness of decentralisation process, i.e. effectiveness of safeguarding public services and minimisation of expenditures for personal use. This problem was discussed at a conference organised by the Council of Europe in Budapest in 1994 with a title "Size of Municipalities and Effectiveness of Participation of Citizens". Its objective was to point out the fact that municipalities must reach an economy from the viewpoint of size in order to build administrative, infrastructure and personal services effectively.

**27.** A decision about an optimal size of a self-governmental unit on the local level will enable:

- transfer of competencies of state administration and financial means to the local and self-governmental level
- creation of preconditions of their rational execution in a quality way
- to eliminate conflicts between the need of decentralisation of public administration and fragmentation of residence structure
- to bring public services closer to the citizens
- to verify effectiveness and professionalism of execution of some self-governmental functions for the territories of bigger municipalities
- to safeguard more effective and professional execution of original competencies of small villages

**28.** The discussion about an optimal size of a municipality to administer decentralised competencies lasting for several years resulted into a thought to create "local administrative units", while opinions about its size are varying. The size should vary from 3000 inhabitants to a creation of approximately 270 such units with approximately 20 000 inhabitants. The realisation of the decentralisation process is impeded by not solving

problem of the structure of municipalities from the viewpoint of size. The way of differentiation of transfer of competencies according to the size of municipalities would be in contradiction with the law of SNC no. 369/90 Coll. as amended later on municipal establishment, because it would lead to a limitation of rights of citizens living in small municipalities. A possible administrative decision on merging of municipalities to optimal municipalities can not get through, because the municipalities that obtain a real legal and economic sovereignty by force of law would not want to give it in. Any administrative encroachment would disturb the process of democratisation in Slovakia.

**29.** All the intentions have so far resulted into the only possible solution through inter-communal co-operation on the basis of the law 369/90 Coll., i.e. creating a joint municipal office, which can be created from the initiative of municipalities on the basis of an agreement under condition 3/5 deputies of municipal councils approve it. Subsequently, the competencies that can not be safeguarded in "small" municipalities would be decentralised to these offices. According to a proposal of some authors, respective line ministries should have a professional guarantee over the execution of activities as well as an influence on financial transfers. However, this approach has several obstacles:

- experience from abroad says there is a need of strong legal framework and a minimal voluntary selection when deciding about the seat of a joint office
- such an office should be responsible to at least a council of mayors of respective municipalities
- joint office should be a legal entity and have a possibility to obtain directly transfers from the public budget or "proportional" taxes
- interference of the state (although concerning only methodology and finances) is against intentions of decentralisation
- contributions of municipalities to this offices must be calculated exactly and a way of execution in case of non-fulfilling service must be chosen
- findings show that if competencies are not under a supervision of the municipal council, the system is not working...

**30.** It is possible to consider also other solutions in the whole context of the administrative and territorial division of the Slovak Republic, e.g.:

- in the framework of a radical change of the territorial and administrative division to strengthen the higher level of self-government than municipalities (=regional) and to leave to municipalities only essential functions (not economical)
- to split the domain of local self-government and self-government of higher territorial units in the framework of competence (e. g. schools, health care, social care), i.e. establishing, abolishing, financing would be in the competence of self-governments of higher territorial units and the property of building and the running would be in competence of local self-governments. This approach will enable the same position from the side of the "third" sector.

*A decision about an approach to "small municipalities" depends on the scope of decentralisation, on the scope of competencies that will be transferred to self-government. On that basis it will be necessary to prepare an optimal variant in the framework of working out a new concept (of public administration reform, J.T.)(until 12/99).*

## **Reform in big towns**

**31.** The present situation in "big towns" (Bratislava, Košice) is known because of unclear relations between the town and town parts. The present state is defined in the law on Bratislava and in the law on Košice, but in spite of this it is a subject to constant discussions especially on financial relations, properties, safeguarding services extending borders of a town part as well as in the area of representation of the town. In both towns there exists at least two versions of draft of new laws on towns (prepared by mayor of the town and mayors of town parts).

**32.** The Constitution of the SR stipulates Bratislava as a capital of the Slovak Republic, while the territorial division of the town into town parts is defined in a separate law on Bratislava and a division of domain between the town and town parts is defined in the Statute of the Capital - Bratislava. At the same time Bratislava is a seat of a region and 5 district offices. The current situation, not only concerning relations between administrative bodies is unclear for the citizens of the town.

**33.** After the creation of a higher territorial unit Bratislava will have a status of the regional town and both levels of self-government (self-government of a higher territorial unit and local self-government). Because of the presumption of decentralisation of competencies from state administration to territorial self-government, the town of Bratislava will become:

- a special higher territorial unit of self-governments
- a municipality according to the law 369/90 Coll. on Municipal Establishment as amended later

*There is also other opinion (of ZMOS). ZMOS argues that the town of Bratislava will fulfil tasks of self-government of HTU and town parts will fulfil tasks according to the law 369/90 Coll. as amended later.*

- a regional town, 1 district office will be located in the territory with a network of work places

**34.** Relations between the town and town parts, property relations as well as financial mechanisms will be defined in a new law on the town of Bratislava in a way that will be compatible with rules valid on the whole territory of the state.

**35.** On the basis of a decision on the scope of decentralisation, i.e. in case of the transfer of the above mentioned competencies to self-government (local, but mostly self-government of higher territorial units) it will be necessary to verify a need of preparing a separate law for the towns that will be seats of regions and at the same time seats of self-government of higher territorial units and which are likely to be composed of town parts.

## **Outline list of potential original competencies of territorial self-government**

**37.** A definite list of competencies and the division of competencies into individual levels of self-government will be prepared in the framework of working out of a concept of public administration, i.e. until 31. 12. 1999

## **Economic functions**

1. creation, approval and control of budget

2. elaboration and approval of the programme of regional development
3. elaboration and approval of the programme of local development, standpoint to the programme of regional development, standpoint to national intentions
4. elaboration and approval of tools of economic and social development of municipality, town, higher territorial unit in accordance with valid laws including inter-communal co-operation
5. assignation and approval of regional fees, administration of local taxes and fees, assignation of level of local taxes and fees, possibly differentiated surtaxes in accordance with valid laws
6. financial balancing of the tax strength of towns and villages
7. management of the property of the self-government
8. co-participation in the public services of regional and local significance
9. own investment and entrepreneurial activity
10. issuing of binding positions towards starting of the entrepreneurial activity of physical and legal persons
11. establishment, abolishment and control of local companies
12. support of private and the third sector

#### **Public services**

1. public lightening
2. funeral services, cemeteries
3. communal waste management, waste water management
4. water supply, electricity and gas supply
5. management of public places
6. maintenance of local roads

#### **Territorial planning and construction**

1. approval of territorial planning documentation (of municipality, town, HTUS)
2. approval of projects of regional character
3. binding standpoints to over-regional character intentions
4. co-ordination of local development intentions
5. issuing of territorial decisions
6. issuing of permits for construction (with exception of investments demanding "EIA")
7. responsibility for aesthetics and the appearance of the municipality

#### **Housing**

1. construction, management and maintenance of municipal houses/flats
2. preparation of territory for housing construction
3. providing heating for houses

#### **Environment**

1. concept of the waste management
2. protection and care of environment and country

#### **Transport**

1. ownership, construction and maintenance of the roads of I-III. Category
2. participation in regional transport companies (as a possibility)
3. financial support (e.g. school buses in the case if the distance to the school is greater than "attendance distance",...)

**Water-management**

1. construction, management and maintenance of local water systems
2. construction, management and maintenance of all buildings and sewerage networks
3. municipal waste water cleaner

**Education**

1. Establishment, abolishment and management of secondary specialised schools, general secondary schools, colleges, special schools, re-qualification facilities, schools of art, school facilities
2. establishment of non-state universities
3. appointment and recalling of directors of schools and school facilities (on the basis of selection process and proposal of School Boards)
4. establishment and abolishment of pre-school facilities, schools and school facilities with other teaching language than Slovak Language if they are not established by municipality
5. providing teaching in other language than Slovak according to local conditions and needs
6. allocation of financial means for salaries and other expenses, for payments of health and social insurance, for goods and services, if they are delivered for free, for all facilities included into school network in accordance with the Law on Financing Education.
7. allocation of financial subsidies to private, religious facilities including them into network in accordance with the Law on Financing Education
8. providing methodological assistance
9. building and running of nursery schools, elementary schools, school facilities, elementary art schools, language schools

**Health-Care**

1. establishment and management of regional clinics, hospitals and other health facilities
2. management of hospitals, health facilities (enumerated)
3. psychiatric clinics, children health resorts
4. support of private facilities
5. building, maintenance and management of nurseries
6. building and management of local health centres, clinics and hospitals

**Culture**

1. establishment and management of regional libraries, museums, galleries, theatres and puppet shows, astronomical observatories, ZOOs
2. establishment, management and abolishment of local libraries, museums, galleries, cultural centres, theatres, orchestras, artistic groups, astronomical observatories, halls, cinemas, amphitheatres
3. protection and maintenance of cultural monuments and historical buildings
4. cultural events
5. keeping of chronography

**Social Care**

1. establishment and management of municipal and over-municipal facilities of social service, social care-nursing, orphanages

2. financial support to the local and private (non-governmental) facilities on the basis of defined norms
3. providing social benefits (social help)

**Internal administration, administrative administration**

1. co-operation in elections and plebiscite
2. gathering and procession of regional data (transferred competence)
3. organisational structure of the office
4. issuing of generally binding regulations
5. register of citizens (transferred competence, i.e. the competence remains under the responsibility of the state, but local self-government will be charged with its execution)
6. other registration activities (transferred competence)
7. issuing and attestation of personal documents (transferred competence)
8. organisation of peoples voting, organisation of elections
9. gathering and processing of data on municipality

**Security, public order**

1. integrated rescue system
2. local police
3. civil protection
4. fire brigades

**Distribution of competitions in the framework of Public Administration - examples from abroad**

<b>Competence</b>	<b>Hungary</b>	<b>Poland</b>	<b>France</b>	<b>Spain</b>
<b>fire protection</b>	municipality	municipality	municipality	municipality, province
<b>civil protection</b>	municipality	municipality, lands	municipality	municipality, region, state
<b>pre-school education</b>	municipality	municipality	municipality, state (personnel)	municipality, region, state
<b>elementary education</b>	municipality	municipality	municipality, state (personnel)	municipality, region, state
<b>secondary education</b>	municipality (zhupa)	municipality	region, state (personnel)	municipality, region, state
<b>hospitals</b>	municipality (zhupa), state	lands	municipality	municipality, province, state
<b>social services</b>	municipality	state	department	municipality, province, region
<b>territorial planning</b>	municipality	municipality	municipality	municipality, province, region
<b>water supply</b>	municipality, state (regional company)	municipality	municipality	municipality, region, state
<b>water pipeline, sewerage</b>	municipality, regional company		municipality, state	municipality
<b>collection and liquidation of waste</b>	municipality	municipality	municipality	municipality
<b>theatres</b>	municipality	municipality, lands, state	municipality, department, state	municipality, province, region, state
<b>museums, libraries</b>	municipality, state	municipality, lands, state	municipality, department, state	municipality, province, region, state
<b>public green</b>	municipality	municipality	municipality	municipality, region
<b>sport, leisure time</b>	municipality	municipality, lands	municipality, state	municipality, region
<b>roads and communications</b>	municipality, state	municipality, lands, state	municipality, state	municipality, province, region
<b>gas</b>	state (regional company)	lands	municipality	municipality
<b>electricity</b>	state	lands	department, region, state	municipality, region, state

*Resource: Council of Europe, 1997*

### **3. RELATED REFORMS**

#### **3.1 Reform of public finance**

In spite of changed conditions and a new environment (transition from central planning to market economy) but also despite changes within public administration (establishment of local self-government in 1990, establishment of local state administration in 1996) that were accompanied with an establishment of new budget chapters in the framework of the public budgets:

- approach to the creation of public budgets did not change; budgets are set up by an obsolete and unsuitable way.
- a sufficient mechanism of financial control failed to be introduced (growth of grey economy and growth of arrears of taxes).
- measures for securing effectiveness and efficiency of programmes of public expenses were not applied; quantitative indicators in the absence of qualitative indicators of evaluation of effectiveness hold over, the system of "stretched" hand from the side of administrators of budget chapters hold over.
- principles allowing greater control of budgets from the side of public were not applied.

In the framework of the relation between the state budget and budgets of local self-government it was stated in various studies that the present system of financing of the public sector is expensive, inefficient and unjust. Among its greatest shortcomings there are:

- High scope of centralisation, because up to 94% of tax incomes are incomes of the state budget
- Instability, because every year the conditions of reallocation are changed in the process of approval of the budget
- Absence of the principle of subsidiarity
- Insufficient motivation, because it does not allow sufficient autonomy of decision-making
- Injustice of distribution of shares in national taxes (predominantly according to the criterion of the number of citizens) that does not reflect the differences between the social and economic level of municipalities and regions

In the period 1994-1998 the deficit of the general government (state budget, budgets of local self-government, budgets of the social security system and the state funds) mounted from +1,9% of GDP to -4,4% of GDP. In spite of the centralisation of public finances the state did not manage to keep the balanced financial management and its debt is still growing.



Development of incomes and expenditures of the state budget and budgets of local self-government:

v billion Sk		1994	1995	1996	1997	1998
state budget	incomes	139,1	159,3	162,8	160,8	177,8
	expenditures	140,8	158,9	173,9	177,8	197,0
	balance-sheet	-1,7	+0,4	-11,1	-17,0	-19,2
local budgets	incomes	20,0	18,4	25,4	26,1	25,9
	expenditures	19,9	19,6	22,1	25,2	25,8
	balance-sheet	+0,1	-1,2	+2,3	+0,9	+0,1
together	prijmy incomes	159,1	177,7	188,2	186,9	203,7
	% out of GDP	36,1	34,3	32,4	28,6	28,4
	expenditures	160,7	178,5	196,0	203,0	222,8
	% out of GDP	36,4	34,5	33,7	31,0	31,1
	bilancia	-1,6	-0,8	-7,8	-16,1	-19,1
	% out of GDP	- 0,36	- 0,15	- 1,34	-2,46	-2,66
GDP in b.c.		441,3	518,0	581,0	654,0	717,4

Source: state final accounts, the Ministry of Finance of the SR

From the overview the growth of the total deficit of public budgets is obvious, while local self-government managed their budget with a modest surplus. The ratio of the deficit and the created GDP is growing. It is caused especially because of non-filling the income side of the state budget. This fact can be seen on the income side of the local budgets, which are by a large part (approximately 42%) composed of shares in national taxes and grants from the state funds.

In the period of 1994-1998 the expenses for public investment grew rapidly out of the framework of the state budget, through the state funds, which are now in many cases in debt (State Fund of the Road Management,...) or concluded contracts accepting obligation which were not covered by resources (State Fund of Housing, State Fund of Environment,...)

Development of budgets of state funds (in billion SKK)

	1994	1995	1996	1997	1998
incomes	7,2	13,7	12,6	17,5	22,8
% out of GDP	1,63	2,64	2,17	2,68	3,18
expenditures	5,7	10,3	18,1	31,5	32,2
% out of GDP	1,29	1,99	3,11	4,81	4,49
balance-sheet	+1,5	+3,4	-5,5	-14,0	-9,4
% out of GDP	+0,34	+0,65	-0,95	- 2,14	-1,31
GDP	441,3	518,0	581,0	654,0	717,4

Source: SZÚ

### ***How is Slovakia prepared for fiscal decentralisation***

In last years many states of the world follow the way of fiscal decentralisation that is a means for a greater participation of citizens in the administration of the public affairs and which allows the public sector to respond better to the needs of citizens. The importance of the fiscal decentralisation is deduced from the concept of economic effectiveness - measure to which the public expenses reflect a local demand. Using other words, if various individuals have various preferences of public services then the national "wealth" will be maximised in the case each community will have a chance to influence its own level and structure of public services and taxes.

In countries, in which already today exists a relatively considerable differentiation of preferences of the citizens of individual regions between the demand for quality and quantity of public services, in which there is a difference between the level of tax burden and the level of incomes, there is a clear demand on local or regional tax differentiation. In Slovakia as well as in other countries in transition attempts to maintain the tax uniformity hold over.

In well-developed countries there is a linkage between higher incomes of inhabitants and higher expenses for public services. In Slovakia no analysis were elaborated in this area to prove this trend.

Slovakia is a country with a relative low mobility of the labour and job opportunities, with a poor access to information about possibilities of housing and job opportunities, with a lack of rental houses, with a growing number of elderly inhabitants who do not like to move etc... It means that also the difference in tax level in individual regions would not show in such a way as in well-developed countries.

In democratic countries, in which the relation between central and the local level of the public administration has been settled already for longer period of time, in which the democratic approach to the preparation of the budgets is applied for a longer period of time, the citizens know what they can expect from the representatives of local self-government or the central government in the area of public services. Not in Slovakia, yet.

A process of fiscal decentralisation, which contains:

- a new division of competencies between local, regional and central level,
- a new division of public financial resources,
- a new system of balancing of differences between the financial power of towns, villages and regions,

must be accompanied by an extensive information campaign and programmes of education of the citizens of Slovakia.

### **Recommendations for the reform of financing from the viewpoint of decentralisation process**

1. In principle it is possible to finance public administration in different ways. There is no model generally applied in all countries. It is possible that all the incomes belong to the central state budget while other levels of public administration get subventions. Other extreme model is that every level has its own incomes without any balancing mechanisms. The most often there is a combined model, i.e. every level has its own

incomes while differences between regions and municipalities are balanced from the centre, possibly from the level of a medium part of public administration.

2. The reform of financing of public administration will depend on the level of decided decentralisation. In the framework of a "separated model" it will be necessary to come up to a substantial reform because the decentralisation of competencies will lead to a substantial change of the proportions of expenses of public budgets, while self-government will administer approximately 50% of tax incomes. The reform will include:

- adjustment of the tax system
- change of the tax determination
- change of budgetary rules
- change of criteria for the division of proportional taxes
- change of the principles of the subsidy system
- new methods of financial balancing on the state level and on the level of self-government of higher territorial units

3. In the framework of financing a decentralised public administration it will be necessary to respect the following principles<sup>7</sup>:

- increased fiscal autonomy of local offices must correspond with an increased financial responsibility and monitoring of elected representatives and effective democratic control by the local electorate
- territorial self-government must manage public expenditures in a way that an excessive debt does not impede their autonomy
- clearness of expenditures enables a reduction of administrative expenditures and its simplification so that the following principle can be introduced: administrative control of activities of local offices should be focused on safeguarding of the accordance with law and constitutional principles
- standardisation of the process of submitting budgets and final accounts is inevitable
- financial autonomy of self-government is possible only under existence of fiscal potential in the administered area
- local offices should impose fees for services in the framework of limitations defined by law so that they can balance running costs for these services and to realise these services
- it is necessary to eliminate excessive differences between a defined scope of taxes and fees because these differences lead to deformations of the competition, possibly to unjust requirements for financial balancing
- common budgets should not be balanced through loans
- state assistance to common expenditures should be in the form of subventions that can be used freely by towns
- state should create a framework to enable local offices not to exceed a critical amount of debt

---

<sup>7</sup> Resolution on financing of local self-government accepted at the conference of European ministries, Lisbon, 10-11/10/96

- period of time for paying off loans provided to finance capital investments should not exceed a period of time of using of facilities in a way that expenditures assigned for equipment used at present are not transferred as a burden to future generations
- it is necessary to avoid speculative financial tools when financing capital investments
- it is necessary to work out plans of capital investments for several years, which are updated yearly
- way of financial support to weak municipalities and regions should be clearly defined by law
- tools of financial balancing should not penalise the "rich" and provide subventions to those not interested in increasing of effectiveness of their activities
- a period of time of instalments is precisely kept in the states where there is a centralisation of flow management in order not to endanger the solvency of local self-government

### 3.2 Regulatory reform<sup>8</sup>

1. A regulation is "every effort of administration to control the behaviour of citizens, enterprises or self-governmental authorities" (Meier, 1995), while the state has a wide scope of possibilities and tools for regulation in order to control or change the behaviour of individual subjects. According to Maier, tools of regulation are, among others:

- regulation of prices for services and goods
- licences or franchising right for entrepreneurial activity
- definition of quality standards of products or production processes
- direct deciding on allocation of sources
- direct or indirect subventions and loans as a means how to influence the scope of provisions of goods and services in a particular segment of economics
- support of competition through anti-trust measures

2. The legal framework is an important tool of management of social processes in the sphere of legislative process, implementation of law as well as law enforcement and the creation of an atmosphere of legality. Undoubtedly, an incompatibility of the set of legal regulations with the EU law is an important precondition of dynamics of the integration process. If the institutional part of the public administration reform is a basis of transformation effort, then the reform of law is one of the inevitable presumptions of "material rightness" of administered process. It follows that the law reform must be a part of the public administration reform. The realisation of the "regulatory reform" is binding for the OECD member states.

3. Owing to the interest of Slovakia it is necessary to set principles of the strategy of regulatory reform, forms of its management and to define concrete outputs and tools for its realisation. The part of this reform could not include only issues such as the extent of regulation, implementation of a system of values of the society and the definition of concrete, material and rational aims of regulated relations, but at the same time also a character and activities of respective bodies, performance appraisal and forms of their control.

---

<sup>8</sup> points 2-10 Doc. JUDr. Oľga Vidláková, CSc.: Regulatory reform in OECD. In: Public Administration 1998, issue 39

4. The process of regulation has to include the whole set of generally binding regulations, the Constitution, constitutional laws, ordinances of government, regulations of ministries and other central bodies of state administration, normative regulations of bodies of state administration and also binding ordinances of the bodies of self-government. Reform processes should contain as deregulation as better regulation aiming at the safeguarding of public interest in a qualitative higher level with an important extent of de-etatisation with the status of understanding of administration as a service towards citizens.

5. One can not stress only a process of minimisation of regulation, because one can not expect tendencies to broaden processes, which will be subjects to regulation through public administration. A considerable transfer of regulatory mechanisms from central authorities of public administration to territorial bodies as well as from bodies of state administration to self-government is a part of the reform. We assume also higher use of the potential of non-governmental organisations.

6. A scope of legal regulation must be defined by clear concepts and objectives of the state policy. When defining "a space for legal regulation" the following motives will be decisive:

- limits of decentralisation are application of criteria of subsidiarity and principle of adequacy
- a basic criterion of decentralisation is the benefit for the citizen and not only an increase of competencies of lower levels of administration
- the effectiveness of decentralisation is defined by a mutual relation on economic, social, political and legal level

7. The basis in the area of deregulation processes is:

- an effort to find an appropriate proportion of social-market mechanism (Constitution SR) and redistribution function of the state
- minimisation of expenses and non-effective tools of administration
- to reduce the participation of state and activation of the civic society
- to initiate the responsibility of citizens and their participation by improving of quality of living

8. A well-realised regulatory reform increases the effectiveness of economy and administration.

*One of the studies of OECD regarding electricity, telecommunication, air transport, road transport and retail trade indicates that profits from a big reform can be high. Countries with a strong regulation can expect an increase of GDP of 3-6% after a completion of the reform. The regulatory reform supports free movement of goods, services, investments and technologies among countries to the benefit of consumers. It increases standards of performance of domestic firms and supports the growth of GDP.*

It is necessary to create gradually a strategy of long lasting structural, institutional and concept reform because traditional processes and regulation tools have a monopoly status in the government and are firmly entrenched.

9. The experience of the OECD countries shows that in the first stage it is necessary to focus on the following areas:

- management and responsibility, process of the preparation of regulation, supervision over regulation and its implementation in the framework of democratic system, including the problem of responsible deputies for regulatory decision making,

transparency of regulatory base and the relation between the executive and elected assemblies

- regulation as a tool for the allocation of resources, efficient allocation of resources through regulation, including problems concerning criteria and quantitative methods used for management, support of regulatory decisions and proposals of regulation for the achievement of required objectives by lowest social expenses
- reform of administrative approach and adhering to regulation, administrative framework, in which regulatory decisions are in preparation and realisation, including questions of their enforcement, decentralisation and behaviour of bureaucratic structures
- regulatory reform of specific policies, the application of regulation and its form in the framework of e.g. economy policy, trade policy, policy of risky management...

**10.** It is necessary to elaborate a strategy of management of the regulatory reform and to create a relevant centre for the formation of ideas, safeguarding of primary outputs and permanent creation of the national policy in the area of the regulatory reform. In 1997 the ministries from the OECD countries have set these principles:

- to approve a programme of the regulatory reform on the highest political level, which will clearly formulate objectives of the reform and its framework for the implementation
- systematic control and evaluation of the legal regulation and administrative directives to ensure that they lead effectively to goals
- to safeguard that the regulation and regulatory processes are transparent, not discriminate and used purposefully
- to monitor a scope, effectiveness and enforcement of the competition policy and to strengthen it if necessary
- to reform the regulation in all sectors of economy in order to support a competition and eliminate regulation in the cases where it is not clear whether the reform is of public interest
- to liquidate redundant regulatory impediments of trade and investment by improving keeping international treaties and strengthening of international principles
- to identify important links to objectives of other politics and develop a strategy to reach an accordance that would simultaneously support the regulatory reform

### **3.3. Reform of management and education in public administration**

#### **3.3.1 Management of public administration**

The management process in public administration was not paid sufficient attention in spite of the fact that the management is considered as a decisive factor of effectiveness of public administration and the whole public sector. Only public administration managed in a quality way is able to realise successfully the decentralisation process.

In Slovakia instruments, which have already been applied in rich European countries as well as in the private sector when managing economic activities, have so far not been introduced to management of public administration. These instruments are: new mechanisms of decision making, changes of organisational culture and culture of

providing services, optimisation of organisational structure in relation to clearly defined tasks and requirements of the citizens, new criteria of the division of job positions into executive (professional), managing and political, methods of work co-ordination, new ways of personnel work, remuneration of employees, criteria of social and employment benefits in relation to the status and education as well as the participation of employees in management. All this and other knowledge, e.g. methods of surveys of citizen needs, new forms of co-operation with the citizens can be applied also in the public sector when taking into consideration its specifics, i.e. legal regulation of individual processes.

## **Employees of public administration**

### ***Legal framework***

The Slovak Constitution does not provide for a model of civil service. The only mentions to public employment are that any Slovak citizen has a right to access to elected and other public posts on equal conditions and that employees of public administration can have their right to strike restricted. The Constitution does not foresee any restriction for public employees concerning economic or political activities, which are a part of individual, constitutionally enshrined freedoms. Only a status of judges and prosecutors is different. It means that any law establishing restrictions for civil servants to get involved in economic or political activities could be challenged as anti-constitutional before the Constitutional Court.

All public employees are subject to the general Labour Code of 1965 and its successive amendments, while some other bodies have specific statutes. It concerns mostly bodies that need a strongly hierarchized organisational structure: Police Forces (the law from 1993); Railway Police (1998); the Military (1997); Fire Brigades (1985); and Customs Officials (1998). Likewise, bodies in need of a reinforced protection safeguarding their independence also have specific statutes: Prosecutors and Judges.

The term "public service" is not defined and that is why it is not possible to define its scope. The only boundary could be set on the government level as the Constitution defines who is a member of the Government: Prime Minister, Deputies Prime Ministers and Ministers.

There are not legally defined differences between "permanent" public employees and political appointees. As a result of this unclear state there is a permanent exchange of employees of public administration at positions: State Secretary, Head of the Office, Directors General of the Sections, Principals of Regional and Districts Offices, their Deputies, Heads of Departments, but also Heads of budgetary and contributory organisations.

There are no guarantees of permanency for public employees (beyond the general definition in the Labour Code), but on the other hand these safeguards are fairly strong and firing an employee is very difficult even in the cases of non-meeting requirements for functions of public employees.

### ***Management of public administration***

There is no **central institution** in charge of managing the public employment or of setting standards for public employment. Every ministry, other central authorities of

state administration, the Fund of National Property, the National Labour Office, bodies of local state administration are employers and can recruit and dismiss employees independently according to the Labour Code, "competence" law and individual standards in public administration.

Limitations to staffing of respective institutions are set by the state budget and monitored by the Ministry of Finance and the Supreme Audit Office. Savings from unfilled vacancies can be freely used to increase the salaries of the employees.

The payroll at ministries is computerised, but systems are not compatible. Every ministry takes decisions on software in an autonomous way, without particular co-ordination. There is no common system for line managers to supervise the quality of performance, productivity and expenditure. Therefore effectiveness of personnel cost is not justified.

There is no unified system of job description in public administration. A list of duties from the Labour Code is being considered as job description. Performance appraisal mechanisms are hardly used, its use relates only to quantity and not quality.

Regarding remuneration and salaries, there is a unified pay scheme, which is not applicable to groups under specific statutes. A basic salary is entitled to every public employee depending on his grade and class. Bonuses and other salary increases are allotted at the discretion of the head of the institution without limitations others than the salary ceilings set up in the budget. No legal obligation exists to disclose criteria for allotting bonuses.

### ***Professionalism in public administration***

In practice it is rather difficult to prove the illegality of administrative decisions, because there is no legal obligation of giving reasons for grounding administrative decisions and institutions mostly do not disclose such reasons. The right to a hearing is not a legal requirement either. Secrecy is a general rule. Another reason why the citizens do not apply to the office of state prosecutor to challenge the decision and subsequently to the courts of law is a very long time it takes to have adjudication by court. In these cases one can feel an absence of specialised administrative courts.

Public servants so entitled by law can issue administrative decisions using their professional independent criteria. Their superiors (ministers, heads of institutions, principals) are not allowed to change these decisions. At the same time all public servants are accountable to statutory heads of institutions under the Labour Code regulations, through a number of internal arrangements set up in some documents, called "Organisational Orders" and "Working Orders", which are reflected to job description.

Professional independence is influenced by needed "loyalty" toward superiors (most of them political appointees) under the Labour Code, which brings about many problems and at the same time lowers reliability and quality of safeguarding of public services for the citizen.

Political impartiality of public servants is not guaranteed by the existing regulations and it is not limited by the Constitution (except some particular groups: judges, prosecutors). Therefore limiting the political involvement of public servants can be constitutionally problematic. Under these conditions there are no barriers to a politicisation of public administration. Therefore also recruitment and promotion are



mainly based on political grounds, even if some professional reason could be taken into account.

The current definition of incompatibilities (conflict of interests) applies only to members of the Government (the Constitution) and so called constitutional posts (the law from 1995). There are no other limitations. The only obligation for ordinary civil servants to disclose their assets and income is for taxation purposes. The Penal Code does not contain special norms on corruption in public administration.

There are no particular rules for recruitment out of those contemplated by the Labour Code. The selection is a full responsibility of the heads of institutions and ministers, which usually appoint the selection committee. The committee is using its own criteria on the basis of requirements of the institution. Winners of such competitions are foregone, but the current system enables substantial influencing of the selection procedure when evaluating criteria. There are cases that not the winner, but someone else gets the top position. Generally speaking, there is not a right to challenge before courts decisions concerning the selection of candidates to the public service. Many posts in public administration are filled under the condition of passing an exam of professional qualification. This process has many imperfections as well. There are too many possibilities of a subjective interference.

Horizontal mobility is limited in a big extent, especially at offices of local state administration, but also between respective ministries and other specialised networks of state administration as the incumbent must terminate his previous labour relationship and conclude a new one. This situation complicates and will complicate a situation when making reorganisation of offices of public administration.

The preparation of a law that should enable a creation of professional civil service has been done in Slovakia for several years. This special law should define five aspects of civil service:

- 1) The constitutional aspect
- 2) The aspect of professionalism
- 3) The management co-ordination aspect
- 4) The social aspect
- 5) The transitional aspect.

The aim of reform of public service management is:

- 1) to establish better quality of employees in public administration
- 2) to increase the trust of citizens towards public administration
- 3) better control of employees in public administration
- 4) to assure better satisfaction of the needs and requirements of employees in public administration.

The basis of mentioned requirements is to define the responsibility, accountability, duties and rights of employees who are executing the state power or providing public services.

When defining new conditions of work in public administration it is necessary to take into consideration:

*The constitutional aspect,*

i.e. the establishment of the civil service as an institution of the state, executing the powers of the state and self-governmental power or providing services and constituting the interface between the state and the public. Therefore it is necessary to provide for duties, responsibilities and disciplinary liability of civil servants in order to make their actions both predictable and ruled by law. The law also needs to provide for the professional independence of civil servants in relation to the political levels of government in order to safeguard a performance and decision-making free from unjustified influence of political and other interests. A combination of strict procedures for selection and appointments and a certain scope of job security for the civil servants normally achieve this independence. Stability and professional independence will provide for and safeguard professional development among civil servants.

*The aspect of professionalism,*

i.e. it is necessary to define the principles of a human resource management system covering selection, recruitment and promotion as well as encouraging and retaining qualified civil servants. The law has to define necessary qualifications of civil servants, i.e. how requirements for civil service positions should be matched with the qualifications of individuals. The law should also provide principles for how to select civil servants for recruitment or promotion as well as how to make it possible for civil servants to improve their qualifications and skills, career possibilities, training etc. One major reason for a civil service law is to safeguard a certain professional quality in all branches and levels of government subordinated to the law.

*The management co-ordination aspect,*

i.e. securing management within all state institutions that will make civil servants perform well. It includes personnel planning, drafting of regulations (by-laws) as well as monitoring of management, staffing quality and personnel costs.

*The social aspect,*

i.e. the rights of the civil servants corresponding with their duties, their integrity as well as their professional qualifications. The law should provide for the right for civil servants to get a salary and other kinds of benefits for the civil service. The civil service law should enable to retain qualified civil servants in the service. The law should define rights and duties of civil servants, which need to be cost-estimated and in balance with the public budgets.

*The transitional aspect*

is inevitable because current employees of the state should be able to qualify as civil servants under the new scheme. The law should define to what extent requirements applied to future civil servants should apply to the current staff as well. The law should clearly provide for how, and during which time-period, existing employees will be able to qualify under the new scheme and what kind of support should be available for them to be able to do so. Provisions related to this aspect need also to be in balance with the public budgets as well as in balance with existing capacities to screen, train and select

candidates. It must be possible to quantify the number of employees that would make the transformation to the new scheme each year.

At present the following definition of labour legal relations is being prepared:

- a) civil service law for selected positions of civil servants (=bureaucrats) under public law relationship
- b) public service law for non-bureaucratic posts within the state administration and for employees of the public sector including self-governments and public law institutions under labour legal relationship stipulated by labour contract according to the Labour Code with more favourable status
- c) the Labour Code for all other employees.

### **3.3.2 Education in public administration**

A concept of education in public administration was approved by the decree of the Government of the SR no. 940/95. It did not include employees of self-government. In relation to the progress in the public administration reform it is necessary to re-evaluate this concept and to follow principles of the proposed reform when preparing a new one as well as changes proposed in the framework of public administration management. At the same time it is inevitable that requirements and needs of education of future civil servants in public administration were supported also in the public budgets.

In Slovakia there is a rather high number of institutions involving in the process of education, both private and public. A basic drawback is an absence of any co-ordination of the educational system, which importance is multiplied by the existence and proposed development of the "separated" model of public administration, i.e. state administration and independent self-government. Co-ordination of education does not mean a limitation of existing or of newly created educational bodies, but it is linked more to building an integrated system.

At present there is no systematic education in the area of public administration at high schools and universities. There are problems with the education of top civil servants, not only because of frequent changes, but also because of the absence of an integrated educational system. Educational and knowledge standards that should follow standards of civil servants of public administration are lacking because of the absence of laws on public service.

An issue of education within self-government is not solved. A decision also depends on passing of laws on public service. The question of financing of education of self-government is still open, since it is not a part of state administration. In spite of this it is possible that the state gives in an obligation to participate also in the education of employees of self-government.

### ***Recommendations for further progress in education in public administration***

According to a new concept of management in public administration is necessary to re-evaluate the concept of education in public administration. It is not necessary to reduce the number of institutions interested in providing further education in public service according to law. An appointed central body responsible for the management co-ordination in public administration and for the preparation and implementation of laws in public service will be responsible also for the co-ordination of further education (for state administration as well as for self-government).

In accordance with the laws defining public service it is necessary to work out knowledge standards and educational programmes. Education of senior civil servants and political nominees can be realised in a special organisational unit supported by foreign educational institutions. It is necessary to secure education before joining public administration at high schools and universities. We recommend that a centre of education in public administration is Bratislava because an optimal linkage between studying of public administration and regional development, because of the current concentration of professionals and effectiveness of participation of foreign institutions in educational process. After preparing a new concept of education of employees of public administration it is necessary to respect the implementation of EU standards, effectiveness, openness and transparency of the system.

### **3.4 Control in public administration**

Questions of public control as well as control of public institutions are quite frequently discussed in relation between the citizen - public administration, state administration - self-government or within state administration. In principle there is no integrated and linked control system in public administration. Even after some controls were made and shortages revealed (the Supreme Audit Office, the state prosecutor), in the majority of cases there were no corrections or sanctions.

Because of the non-existence of an integrated system of public control, many processes are out of public control. Big shortages within information systems do not enable to get objective, sufficient and fast needed data. Control over administrative proceedings is not completed, the Law on Administrative Proceedings from 1967 is insufficient. Public administration including local self-government is not sufficiently bound to organise a civic public control.

Control of public administration is an inevitable part of the process of execution of public administration (internal control) or is completing the process of execution of public administration (external control).

Generally it is needed to simplify the control system in the Slovak Republic, to lower control events and to prefer ex post control to a priori control. At the same time it is necessary to differentiate in detail between narrow control, supervision, control, audit and other forms of control activities. The current unclearness of individual forms of control activities considerably lowers the effectiveness of the control system as a whole. Individual subjects of public administration are viewed from the viewpoint of their control as an intersection point of uncoordinated efforts (parliamentary control, general supervision of the state prosecutor, judicial control, the Supreme Audit Office, control of the Government Office of the SR, the Ministry of Finance, the Ministry of Labour, Social Affairs and Family, control carried out by administrative bodies, incentives, complaints of the citizens...)

Therefore it is necessary to think over an effective system of co-ordination, generalisation, methods, feedback of control in public administration. The fact that respective bodies of public administration are basically not only an object, but also a subject of control makes the situation complicated.

It is necessary to analyse a system of administrative judiciary. Challenging of individual administrative acts of authorities of public administration by specialised senates of general courts of law is problematic. While administrative bodies proceed in

decision-making processes according to the Law on Administrative Proceedings, courts proceed on the basis of the Civil Procedures Code when challenging administrative acts. It causes contradictions concerning the evaluation of the same situation by different bodies and on the basis of various laws. One can assume that administrative courts should resolve disputes between the state and subjects of territorial self-government in a bigger extent. In this aspect it is proper to consider seriously a possibility to separate administrative judiciary from the set of general courts of law.

In relation to new parts of the control system in public administration an institution of ombudsman is often mentioned. Because of fairly comprehensive division of the Slovak society one can assume problems with functioning of this institution. Therefore it is equally necessary to consider also new elements of control system in public administration, e.g.:

1. to have substitute safeguarding of the execution of the function of the main controller in small municipalities by an employee of the state administration or self-government of higher territorial units
2. prior consent of a control, supervisory body with a legal act of a public administration body in clearly defined cases. A possible absence of such a consent would result into invalidity of such a legal act
3. right of "sistation" (*the right to stop the application of a decision*) of control authorities (similar to the right of "sistation" of mayors) in enumerated cases
4. right of control (supervisory) body to abolish illegal (and obviously uneconomical) measures of public administration bodies and right to require carrying out measures, which would renew the previous state (legal as well as factual)
5. right of control (supervisory) authorities to charge carrying out measures to eliminate the state of non-fulfilment of duty defined by law by a public administration authority
6. substitute execution of measures that were not carried out on the expenses of the public administration body, which had a legal duty to do such measures
7. appointment of a commissioner of control (supervisory) body in the case a subject of local self-government or self-government of higher territorial unit repeatedly for a long time is not fulfilling duties or tasks defined by law
8. dissolution of a council of self-government in the case it is not possible to safeguard tasks of municipality otherwise (e.g. §141a the Law on Municipal Order of Hessen-land)
9. early completion of the term of a mayor (e.g. §118 of the Law on Municipal Order for Free State of Sachsen-land) in the case all measures for eliminating of illegal state in administration of a municipality fail

### **3.5 Introduction of information technology in public administration**

Until now IT has been introduced into public administration unsystematically, uncoordinatedly and not conceptually. Introduction of information systems and computerisation in general does not correspond with requirements to increase the quality of decision making and administration of public affairs. A huge information barrier exists not only between central bodies of state administration, between central bodies and local

state administration, between state administration and self-government, but also between public administration and the citizen - taxpayer. Partial segments of information systems within public administration are understood rather as a gathering of data.

It is possible to state that the introduction of IT into public administration is not a domain of steering bodies. There are more reasons for this. The most often mentioned fact is a lack of finance. On the other hand, billions of Slovak crowns were invested into the purchase of hardware and software without a sufficient effect. A lack of initiative in the area of IT is rather a continuation of the traditions stretching back before 1989 and a result of partial attempts to gain personal advantages through keeping information secret. Information become a good business article, but in many cases the present situation is caused by staffing of decision making institutions and the educational level of their employees.

The situation in public administration in the area of introduction of IT is really serious. Any support of a complex system approach from the side of Government to the building of the state information system is missing. At present practice, partial options for using IT prevail. There exists a heavy atomisation, locally developed programme applications are used, using of international standards and proceedings in the area of applications and solutions is not sufficient.

A rapid development in the area of IT and substantial noticeable popularisation of use of IT caused that the whole managing staff should become experts on IT. At present, the use of computers in state administration is reduced to the administrative area and rarely is utilised in the management area.

It is necessary to consider a complex approach to the building of information system in state administration, which would support and make more objective the decision process of the Government in all areas of activity and at the same time would make the long term management of state finance more efficient. In the beginning of the building of IS it seems to be inevitable to centralise this task to the above-ministerial level. At the same time it is necessary to involve self-governing bodies into this process also. Building of the infrastructure for introduction of IT should be a domain of lower organisational units (selection of supplier of hardware), but the strategy of building the IS, methodology, selection of supplier of software application and its introduction should be tasks of the centre.

The task of rationalisation and making public administration more efficient is directly related to the organisation of public administration and to used proceedings and methods. The problematic of data processing should be covered by the State Information System, whose basic framework could be composed of subsystems: state budget and state treasury, tax administration, customs administration, legal information, registers (citizens, real-estate, businesses) with the linkage to the information system of social care and on projection of information into the space with the use of Geographic Information System (GIS).

### ***Recommendations for possibilities of introduction of IT technology from the viewpoint of decentralisation process***

1. Rationalisation and making execution of public administration more effective relate directly to its overall structure and organisation as well as to used procedures and methods. The separated model of the system of public administration in Slovakia will

require the establishment of an information system and information activities overarched by the State Information System.

**2.** The content of the state information system comprise mutually linked information systems safeguarding the execution of activities and services realised in the framework of competencies of particular central bodies of state administration, de-concentrated institutions of the state, local self-government and self-government of higher territorial units.

**3.** The basic scheme of state information system should comprise various areas of activities of public administration divided into individual subsystems: state budget, state treasury, budgets of self-government of higher territorial units, local budgets, tax administration, administration of customs, legal information and registers (of citizens, of real estate: buildings and properties, economic subjects: entrepreneurial register, register of tax and custom subjects and account units, trade register, register of organisations).

**4.** It is necessary to link also the complex information system of social care to the state information system, at least through a newly prepared register of citizens (reference register) from which the information about citizens could be used in relation to information systems of particular institutions.

**5.** The general implementation of GIS (geographic information system) as an integrated element of all information systems could provide analytical tools for information processing in particular regions and on the central level. The nation-wide implementation of this system supported by a strong database (economy, education, health-care, social area, inhabitants, demography, tax collection...) could make the whole process more objective even before the decentralisation and a new territorial division of the Slovak Republic.

## **4. PROPOSAL OF ORGANISATION AND MANAGEMENT OF THE PUBLIC ADMINISTRATION REFORM**

1. Public administration reform is a non-stop activity ongoing in phases. It is inevitable to safeguard this process institutionally. A continuation of the reform and further related activities require broadening the current safeguarding of working out a strategy of further progress.
2. New governmental institutions safeguarding this process have been created in various countries realised decentralisation process (Poland, France) or one of the central authorities of state administration, the most often the Ministry of Interior (e.g. the Czech Republic) was charged.
3. It followed from the decree of the Government of the SR no. 98 on 3.2.1999 that it was not suitable that the decentralisation process and deetatisation of considerable part of public tasks (their transfer to local, regional and interest groups self-government) would be guaranteed by one of the central authorities of state administration because of the intention to carry on decentralisation. The Government of the SR as a collective body represented by the Prime Minister or a Vice Prime Minister charged by him and the National Council as a legislative body should take over responsibility for this process. A reason for it is co-ordination of not only interests and intentions of line ministries, but also of needs of state administration, territorial self-government, self-government of interests groups, the entrepreneurial sector, which will result into the most effective organisation of institutions to the benefit of the citizens - voter and mostly, the citizen - taxpayer. Areas, which are under the competence of state central authorities, are a part of the strategy, but a principal decision on a future territorial and administrative division of the Slovak Republic must be based on a consensus of the broadest possible spectrum of institutions representing interests of the citizens - electorate and taxpayers. Other reasons for a decision on over-ministerial approach are:
  - necessity of a political agreement in 1999 in order to realise principal steps at least by 1.1.2001
  - effectiveness of the procedure, more effective involvement of professionals, more effective co-operation with foreign experts
  - minimisation of a narrow "line ministry" approach while using results of different "line ministry" projects in the area of public administration, which were or still are running in Slovakia
  - disburdening of central authorities of state administration, which must solve many urgent problems
4. Further progress of works on the public administration reform in the Slovak Republic will be safeguarded within the phase II. (05/1999-04/2000) as follows:
  - creation of a steering group at the head of the Commissioner of the Government of the SR. The members of the group will be:
    - State Secretary of the Ministry of Interior of the SR
    - State Secretary of the Ministry of Finance of the SR
    - State Secretary of the Ministry of Construction and Public Works of the SR (in the future responsible for regional development)

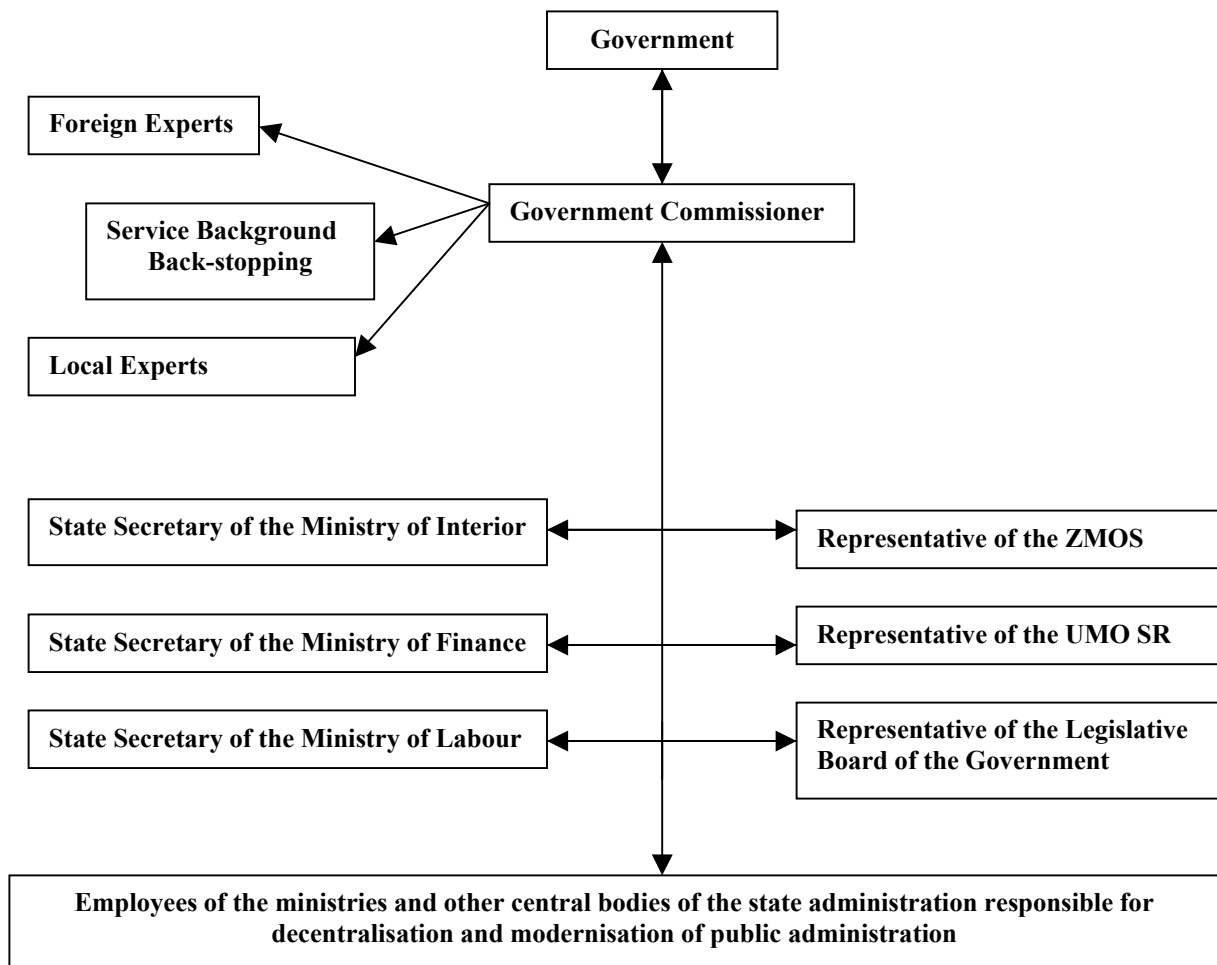


- a representative of the Legislative Board of the Government
- a member of the Board of ZMOS
- a member of the Board of the Union of Towns and Villages of the SR
- co-operation with appointed responsible employees at individual ministries and other central authorities of state administration
- co-operation with domestic and foreign experts, whose work will be co-ordinated by the Commissioner of the Government of the SR

The Commissioner of the Government of the SR will be responsible to the Government of the SR according to the Statute (*of The Commissioner of the Government of the SR*).

A proposal of further institutional safeguarding of the process of decentralisation and modernisation from 05/2000 will be an output of the concept of decentralisation and modernisation of public administration.

**Scheme of institutional safeguarding of the process in the period of time 05/1999 - 04/2000:**



## **5. PROPOSAL OF WORK SCHEDULE OF THE PROJECT OF PUBLIC ADMINISTRATION REFORM**

It is apparent that the current economic situation in the country and prospects for its development do not create optimal conditions for immediate kick-off of the decentralisation process. A certain scope of complexity in decision making within the broad governmental coalition influences the speed of further progress of the decentralisation process and modernisation of public administration. There is also the fact that the citizens as well as the employees of public administration are not prepared to participate in the process of decentralisation and public administration reform. The creation of better legislative conditions is one of the requirements for successful progress of decentralisation and public administration reform. On the other hand, there are some risks related to the postponement of realisation of the reform processes. These are risks enabling the re-establishment of centralism and autocratic models of management of the society as well as economic risks stemming from non-involvement of the potential of regions in the development of the state.

Therefore the timetable of realisation of the strategy is composed in a way that missing conception activities could be realised, the most relevant laws could be prepared and several rational measures could be realised so that an information and education campaign will run at the same time. This campaign would enable the better acceptance of particular steps of the reform and decentralisation by the citizens and employees in the public sector.

The timetable is composed in a way that decisive steps could be realised in the half of the election term so that there will be time for the stabilisation before the next elections.

An indivisible part of the decentralisation and public administration reform is also the preparation of integrated programmes of regional development, which will not only create better conditions for investments, but also will enable better conditions for the departure of redundant employees from the public sector into the private sector. That is why it is necessary to co-ordinate both of these processes during the whole period of preparation and realisation.

1. After the approval of the strategy of decentralisation and public administration reform, it will be necessary to elaborate a concept of complex reform and a concept of related measures as soon as possible, to pass various laws and to realise a lot of organisational changes.
2. Passing of substantial laws will require amendments to dozens of existing laws and by-laws. It will be necessary to follow-up and co-ordinate other laws to be passed parallel with this process so that they are not in contradiction with the objectives of the public administration reform.
3. If these laws are passed in the National Council SR as soon as possible, even with their effectiveness postponed, the success of the reform and simplification of the co-ordination with other laws will increase. At the same time the citizens could prepare and adapt to the new relations.
4. The work schedule and the realisation of the strategy is divided into two areas as follows:

1. conceptual work, work and initiatives related to the creation of conditions for realisation of the decentralisation and public administration reform
2. first steps of the realisation of the decentralisation and public administration reform

### A. Conceptual and other works, preparation of laws

1) Deliberation of the strategy of public administration reform	08/1999	
2) Elaboration of a concept of decentralisation and modernisation of public administration	12/1999	
3) Deliberation of the concept in the Government of the SR	01/2000	
4) Deliberation of the concept in the National Council of the SR	02/2000	
5) Elaboration of related concepts: <ul style="list-style-type: none"> <li>• concept of education in public administration</li> <li>• concept of introduction of IT in public administration</li> <li>• concept of reform of financing of public administration</li> <li>• concept of public control</li> </ul>	09/1999 - 04/2000	
6) Elaboration of legislative intentions of laws, especially: Law on elections to Self-government of higher territorial units Law on Self-government of higher territorial units Law on municipal establishment (amendment) Law on territorial and administrative division of the SR Law on property of self-government of higher territorial units Law on property of municipalities (amendment) Law on organisation of local state administration Law on the capital Bratislava Law on the town of Košice tax laws (amendment) Law on financial balancing (on budget rules)	03/2000 - 09/2000	
7) Elaboration of laws, amendments of laws stemming from the concept of decentralisation and modernisation of public administration	03/2000	
8) Information campaign focused on the citizens of the SR explaining reasons, intentions and benefits of the process for the citizen	10/1999 - 12/2000	
9) Public professional discussion on the public administration reform	09/1999 - 12/2000	
10) Preparation of projects to get support from EU funds (FM 2000)	10/1999 - ...	

## **B. First steps of realisation of decentralisation and public administration reform**

1. Definition of a new structure of territorial and administrative division of the SR	by 31.12.1999
2. Creation of assemblies of HTUS	IV. quarter 2000
3. Transfer of competencies to local self-government and HTUS - I. phase	1. 1. 2001
4. Creation of offices of HTUS and transfer of property from the state	1. 1. 2001
5. Transfer of property to local self-government	1. 1. 2001
6. Changes because of amendment of "Competence" Law	1. 1 2001
7. Changes within local state administration	1. 1 2001
8. Transfer of competencies to self-government - II. phase	2001 - ....